

**Company Registration No. SC029454 (Scotland)**

**David Ritchie (Implements) Limited**  
**Annual report and consolidated financial statements**  
**for the year ended 31 May 2021**

**David Ritchie (Implements) Limited**

**Company information**

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<b>Directors</b>	R Ritchie AI Agr E D Ritchie Dr AR Edwards
<b>Secretary</b>	S Blair
<b>Company number</b>	SC029454
<b>Registered office</b>	Carseview Road Suttieside Forfar DD8 3BT
<b>Auditor</b>	Henderson Loggie LLP The Vision Building 20 Greenmarket Dundee DD1 4QB

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**David Ritchie (Implements) Limited**

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## **David Ritchie (Implements) Limited**

### **Strategic report**

**for the year ended 31 May 2021**

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The Directors present the strategic report for the year ended 31 May 2021.

#### **Fair review of the business**

The business entered the financial year with a strong order book, anticipated a year of growth and had budgeted accordingly. Investments in our people, plant and machinery, health and safety and infrastructure were maintained. Covid'19 restrictions were in place throughout the financial year and had little impact on the results for the year. Protracted restraints will be a risk and concern. Overall, the resulting outcomes are considered to be acceptable. Erratic dynamics in input costs, global politics, labour shortages and the ongoing Brexit situation will continue to have consequences for the Group.

#### **Principal risks and uncertainties**

The principal risks and uncertainties affecting the group include the following:

- the loss of, and changes to, existing markets and the time to develop new strategies - the group operates in a highly competitive market but continues to develop new products and markets to compensate.
- increased commodity prices - the group has continued to see an increase in most material costs during the year but such costs are monitored and regular reviews in terms of sales pricing are performed.
- credit risk - the group maintains strong relationships with customers and has established contractual terms and credit control procedures, as well as processes for dispute resolution, to minimise the risk relating to non-payment by customers.
- unfavourable exchange rates - although the functional currency for the group is GBP, it is exposed to other currencies as part of its trading. The position is regularly reviewed by the directors and senior management and, from time to time, the group makes use of forward currency contracts.
- interest and liquidity - the group has current and non-current liabilities and is exposed to interest risks on the interest-bearing elements of those liabilities. Borrowing arrangements are in place and the group maintains regular, open dialogue with the finance provider to ensure that the required support is available to allow the group to deliver the performance budgeted for the next 12 months.
- legislative and regulatory - the group monitors current and forthcoming legislation and seeks advice from professional advisors where appropriate.

#### **Development and performance**

The directors continue to recognise the need for investment and will maintain such investment in staff, equipment, training and infrastructure necessary to support the viability and growth of the Group.

#### **Key performance indicators**

The directors rely upon a number of financial KPIs and, as a result of the improved trading conditions, turnover increased by 8% but gross margin % was impacted by increased cost pressures.

	2021	2020
Turnover	£12,779,412	£12,294,205
Gross margin %	17%	21%
Operating profit/(loss)	(£159,001)	£232,266

Other financial KPIs such as wage costs and overheads are analysed on a regular basis.

**David Ritchie (Implements) Limited**

**Strategic report (continued)**

**for the year ended 31 May 2021**

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**Other performance indicators**

In assessing business performance, the directors also monitor a number of non-financial measurements, including customer and supplier service levels, distribution efficiency, staff turnover and absence, and health and safety reports.

By order of the board

S Blair

**Secretary**

24 February 2022

**David Ritchie (Implements) Limited**

**Directors' report**

**for the year ended 31 May 2021**

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The Directors present their annual report and financial statements for the year ended 31 May 2021.

**Principal activities**

The principal activity of the company and group continued to be that of the design, manufacture, surface coating and marketing of a range of agricultural and industrial equipment and machinery.

**Directors**

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Ritchie AI Agr E  
D Ritchie  
Dr AR Edwards

**Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The Directors do not recommend payment of a further dividend.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

**Strategic Report**

Included within the strategic report is an indication of the principal risks and uncertainties including the risks associated with the market conditions, competition, foreign currency risk, and legislative and compliance risks.

By order of the board

S Blair  
**Secretary**

24 February 2022

**David Ritchie (Implements) Limited**

**Directors' responsibilities statement**

**for the year ended 31 May 2021**

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The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **David Ritchie (Implements) Limited**

### **Independent auditor's report**

#### **to the members of David Ritchie (Implements) Limited**

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#### **Opinion**

We have audited the financial statements of David Ritchie (Implements) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



**David Ritchie (Implements) Limited**

**Independent auditor's report (continued)**

**to the members of David Ritchie (Implements) Limited**

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**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, are detailed below.

**David Ritchie (Implements) Limited**

**Independent auditor's report (continued)**

**to the members of David Ritchie (Implements) Limited**

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- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing feedback from recent third party compliance visits;
- Reviewing senior leadership team meeting minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of tangible fixed assets and stock; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the company operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; COSHH; SEPA; ISO9001 accreditation, employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Gavin Black (Senior Statutory Auditor)**  
**For and on behalf of Henderson Loggie LLP**

25 February 2022

**Chartered Accountants**  
**Statutory Auditor**

The Vision Building  
20 Greenmarket  
Dundee  
DD1 4QB

**David Ritchie (Implements) Limited**

**Group statement of comprehensive income**

**for the year ended 31 May 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	<b>12,779,412</b>	12,294,205
Cost of sales		<b>(10,618,270)</b>	(9,702,177)
<b>Gross profit</b>		<b>2,161,142</b>	2,592,028
Distribution costs		<b>(1,393,844)</b>	(1,502,141)
Administrative expenses		<b>(1,193,510)</b>	(1,155,796)
Other operating income		<b>267,211</b>	298,175
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(159,001)</b>	232,266
Share of results of associates and joint ventures		<b>15,594</b>	49,024
Interest receivable and similar income	<b>8</b>	<b>2,250</b>	2,128
Interest payable and similar expenses	<b>9</b>	<b>(41,958)</b>	(46,537)
<b>(Loss)/profit before taxation</b>		<b>(183,115)</b>	236,881
Tax on (loss)/profit	<b>10</b>	<b>58,255</b>	107,830
<b>(Loss)/profit for the financial year</b>	<b>28</b>	<b>(124,860)</b>	344,711

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**David Ritchie (Implements) Limited**

**Group balance sheet**

**as at 31 May 2021**

		2021		2020	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Goodwill	11	(57,507)		(71,883)	
Tangible assets	12	2,816,038		3,056,268	
Investments	13	118,140		102,546	
		<u>2,876,671</u>		<u>3,086,931</u>	
<b>Current assets</b>					
Stocks	16	3,284,324		2,701,095	
Debtors	17	2,742,381		2,357,875	
Cash at bank and in hand		750,329		1,070,844	
		<u>6,777,034</u>		<u>6,129,814</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(1,973,049)</u>		<u>(1,228,166)</u>	
<b>Net current assets</b>		<u>4,803,985</u>		<u>4,901,648</u>	
<b>Total assets less current liabilities</b>		<u>7,680,656</u>		<u>7,988,579</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	(792,450)		(992,209)	
<b>Provisions for liabilities</b>					
Deferred tax liability	22	(119,900)		(103,204)	
<b>Net assets</b>		<u>6,768,306</u>		<u>6,893,166</u>	
<b>Capital and reserves</b>					
Called up share capital	24	35,000		35,000	
Share premium account	25	11,878		11,878	
Revaluation reserve	26	34,727		34,727	
Capital redemption reserve	27	9,650		9,650	
Profit and loss reserves	28	6,677,051		6,801,911	
<b>Total equity</b>		<u>6,768,306</u>		<u>6,893,166</u>	

The financial statements were approved by the board of directors and authorised for issue on 24 February 2022 and are signed on its behalf by:

Dr AR Edwards  
Director

**David Ritchie (Implements) Limited****Company Balance sheet****as at 31 May 2021**

		2021		2020	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12	2,221,927		2,480,923	
Investments	13	680,742		680,742	
		<u>2,902,669</u>		<u>3,161,665</u>	
<b>Current assets</b>					
Stocks	16	2,803,438		2,258,511	
Debtors	17	2,810,341		2,447,766	
Cash at bank and in hand		692,741		1,047,391	
		<u>6,306,520</u>		<u>5,753,668</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(1,612,660)</u>		<u>(1,155,803)</u>	
<b>Net current assets</b>		<u>4,693,860</u>		<u>4,597,865</u>	
<b>Total assets less current liabilities</b>		<u>7,596,529</u>		<u>7,759,530</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	(748,450)		(930,354)	
<b>Provisions for liabilities</b>	22	(85,686)		(91,295)	
<b>Net assets</b>		<u><u>6,762,393</u></u>		<u><u>6,737,881</u></u>	
<b>Capital and reserves</b>					
Called up share capital	24	35,000		35,000	
Share premium account	25	11,878		11,878	
Revaluation reserve	26	34,727		34,727	
Capital redemption reserve	27	9,650		9,650	
Profit and loss reserves	28	6,671,138		6,646,626	
<b>Total equity</b>		<u><u>6,762,393</u></u>		<u><u>6,737,881</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £24,512 (2020 - £392,631 profit).

The financial statements were approved by the board of directors and authorised for issue on 24 February 2022 and are signed on its behalf by:

Dr AR Edwards  
**Director**

**Company Registration No. SC029454**

David Ritchie (Implements) Limited

Group statement of changes in equity

for the year ended 31 May 2021

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2019</b>		35,450	11,878	34,727	9,650	6,678,985	6,770,690
<b>Year ended 31 May 2020:</b>							
Profit and total comprehensive income for the year		-	-	-	-	344,711	344,711
Issue of share capital	24	9,015	274,491	-	-	-	283,506
Redemption of shares	24	(9,465)	(274,491)	-	-	(221,785)	(505,741)
<b>Balance at 31 May 2020</b>		35,000	11,878	34,727	9,650	6,801,911	6,893,166
<b>Year ended 31 May 2021:</b>							
Loss and total comprehensive income for the year		-	-	-	-	(124,860)	(124,860)
<b>Balance at 31 May 2021</b>		35,000	11,878	34,727	9,650	6,677,051	6,768,306

**David Ritchie (Implements) Limited**

**Company statement of changes in equity**

**for the year ended 31 May 2021**

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2019</b>		35,450	11,878	34,727	9,650	6,475,780	6,567,485
<b>Year ended 31 May 2020:</b>							
Profit and total comprehensive income for the year		-	-	-	-	392,631	392,631
Issue of share capital	24	9,015	274,491	-	-	-	283,506
Redemption of shares	24	(9,465)	(274,491)	-	-	(221,785)	(505,741)
<b>Balance at 31 May 2020</b>		35,000	11,878	34,727	9,650	6,646,626	6,737,881
<b>Year ended 31 May 2021:</b>							
Profit and total comprehensive income for the year		-	-	-	-	24,512	24,512
<b>Balance at 31 May 2021</b>		35,000	11,878	34,727	9,650	6,671,138	6,762,393

**David Ritchie (Implements) Limited**

**Group statement of cash flows**

**for the year ended 31 May 2021**

		2021		2020	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	30	(124,506)		719,442	
Interest paid		(41,958)		(46,537)	
Income taxes refunded		72,741		37,248	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(93,723)</b>		<b>710,153</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(180,078)		(47,320)	
Proceeds on disposal of tangible fixed assets		54,266		15,800	
Interest received		2,250		2,128	
<b>Net cash used in investing activities</b>		<b>(123,562)</b>		<b>(29,392)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		-		283,506	
Redemption of shares		-		(505,741)	
Proceeds of new bank loans		-		33,460	
Repayment of bank loans		(65,334)		(42,274)	
Payment of finance leases obligations		(221,574)		(208,093)	
<b>Net cash used in financing activities</b>		<b>(286,908)</b>		<b>(439,142)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(504,193)</b>		<b>241,619</b>	
Cash and cash equivalents at beginning of year		1,070,844		829,225	
<b>Cash and cash equivalents at end of year</b>		<b>566,651</b>		<b>1,070,844</b>	
<b>Relating to:</b>					
Cash at bank and in hand		750,329		1,070,844	
Bank overdrafts included in creditors payable within one year		(183,678)		-	



**David Ritchie (Implements) Limited**

**Company statement of cash flows**

**for the year ended 31 May 2021**

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	31		(94,706)		665,490
Interest paid			(37,514)		(46,537)
Income taxes refunded			72,742		39,216
<b>Net cash (outflow)/inflow from operating activities</b>			(59,478)		658,169
<b>Investing activities</b>					
Purchase of tangible fixed assets		(80,780)		(47,320)	
Proceeds on disposal of tangible fixed assets		54,266		15,800	
Interest received		2,250		1,462	
<b>Net cash used in investing activities</b>			(24,264)		(30,058)
<b>Financing activities</b>					
Proceeds from issue of shares		-		283,506	
Redemption of shares		-		(505,741)	
Proceeds of new bank loans		-		14,185	
Repayment of bank loans		(49,334)		(28,960)	
Payment of finance leases obligations		(221,574)		(208,093)	
<b>Net cash used in financing activities</b>			(270,908)		(445,103)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(354,650)		183,008
Cash and cash equivalents at beginning of year			1,047,391		864,383
<b>Cash and cash equivalents at end of year</b>			692,741		1,047,391

## **David Ritchie (Implements) Limited**

### **Notes to the financial statements**

**for the year ended 31 May 2021**

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#### **1 Accounting policies**

##### **Company information**

David Ritchie (Implements) Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Carseview Road, Forfar, DD8 3BT.

The group consists of David Ritchie (Implements) Limited and all of its subsidiaries.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

##### **1.2 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company David Ritchie (Implements) Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 May 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

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**1 Accounting policies (continued)**

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

**1.3 Going concern**

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the company, the directors have concluded that there is no material uncertainty and that the going concern basis can continue to be adopted in preparing the annual report and financial statements.

**1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.5 Intangible fixed assets - goodwill**

Negative goodwill is the excess of the Group's share of the fair value of the attributable net identifiable assets at the date of acquisition over the purchase consideration in a business combination.

Negative goodwill that can be attributed to monetary assets is recognised as income when the assets are realised. The remaining portion of negative goodwill, not exceeding the fair value of acquired identifiable non-monetary assets, is recognised as income on a straight line basis over its expected useful life of 10 years.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line
Plant and machinery, etc	10% to 25% straight line

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

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**1 Accounting policies (continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

**1.7 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

**1.8 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.9 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

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**1 Accounting policies (continued)**

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.10 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.11 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

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**1 Accounting policies (continued)**

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

**1.12 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

**1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

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**1 Accounting policies (continued)**

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

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**1 Accounting policies (continued)**

**1.17 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.18 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Stock provisions**

At the end of each financial year, the group makes a provision against obsolete or slow moving stock. Such provisions are calculated using a combination of actual current information and an element of estimation using historical data as a basis.

**3 Turnover and other revenue**

An analysis of the group's turnover is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Principal activity	<b>12,779,412</b>	12,294,205



**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**3 Turnover and other revenue (continued)**

	<b>2021</b>	2020
	£	£
<b>Other significant revenue</b>		
Interest income	<b>2,250</b>	2,128
Grants received	<b>178,362</b>	188,373
	<u><u>          </u></u>	<u><u>          </u></u>

**4 Operating (loss)/profit**

	<b>2021</b>	2020
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	<b>(50)</b>	216
Government grants	<b>(178,362)</b>	(188,373)
Depreciation of owned tangible fixed assets	<b>219,179</b>	173,665
Depreciation of tangible fixed assets held under finance leases	<b>215,795</b>	207,395
Profit on disposal of tangible fixed assets	<b>(23,937)</b>	(15,800)
Amortisation of intangible assets	<b>(14,376)</b>	(14,376)
Operating lease charges	<b>146,719</b>	155,949
	<u><u>          </u></u>	<u><u>          </u></u>

**5 Auditor's remuneration**

	<b>2021</b>	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	<b>12,720</b>	12,350
Audit of the financial statements of the company's subsidiaries	<b>4,220</b>	4,095
	<u><u>          </u></u>	<u><u>          </u></u>
	<b>16,940</b>	16,445
	<u><u>          </u></u>	<u><u>          </u></u>

**6 Employees**

The average monthly number of persons (including directors) employed by the group and company during the year was:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>Number</b>	Number	<b>Number</b>	Number
Average number of employees	<b>120</b>	133	<b>104</b>	112
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**6 Employees (continued)**

Their aggregate remuneration comprised:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,321,925</b>	3,353,998	<b>2,951,175</b>	2,927,625
Social security costs	<b>304,500</b>	293,297	<b>275,896</b>	260,982
Pension costs	<b>237,566</b>	170,037	<b>220,372</b>	149,459
	<b>3,863,991</b>	3,817,332	<b>3,447,443</b>	3,338,066
Redundancy payments made or committed	<b>126,161</b>	-	<b>79,893</b>	-

**7 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	<b>206,992</b>	225,765
Company pension contributions to defined contribution schemes	<b>124,458</b>	53,055
	<b>331,450</b>	278,820

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	<b>62,327</b>	77,457
Company pension contributions to defined contribution schemes	<b>89,633</b>	18,402

**8 Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	<b>2,250</b>	2,128
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<b>2,250</b>	2,128

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**9 Interest payable and similar expenses**

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	<b>21,030</b>	21,245
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	<b>20,928</b>	25,292
	<u><b>41,958</b></u>	<u>46,537</u>

**10 Taxation**

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	<b>(5,966)</b>	22,103
Adjustments in respect of prior periods	<b>(68,985)</b>	(135,342)
	<u><b>(74,951)</b></u>	<u>(113,239)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(9,741)</b>	(9,719)
Changes in tax rates	<b>24,326</b>	12,795
Adjustment in respect of prior periods	<b>2,111</b>	2,333
	<u><b>16,696</b></u>	<u>5,409</u>
<b>Total tax credit</b>	<u><b>(58,255)</b></u>	<u>(107,830)</u>

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**10 Taxation (continued)**

The actual credit for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
(Loss)/profit before taxation	<b>(183,115)</b>	236,881
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	<b>(34,792)</b>	45,007
Tax effect of expenses that are not deductible in determining taxable profit	<b>6,866</b>	8,862
Tax effect of income not taxable in determining taxable profit	-	(42,430)
Adjustments in respect of prior years	<b>(35,939)</b>	(3,624)
Effect of change in corporation tax rate	<b>28,777</b>	12,795
Depreciation on assets not qualifying for tax allowances	<b>10,826</b>	12,724
Research and development tax credit	<b>(33,046)</b>	(131,718)
Deferred tax adjustments in respect of prior years	<b>2,111</b>	2,333
Goodwill amortisation	<b>(2,731)</b>	(2,731)
Share of results of joint venture	<b>(2,963)</b>	(9,315)
Margin	<b>2,636</b>	267
Taxation credit	<b>(58,255)</b>	(107,830)

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19% and this was effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of corporation tax, maintaining the current rate of 19%.

On 3 March 2021, the UK Budget 2021 announcements included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. The 25% rate was substantively enacted at the balance sheet date and was subsequently granted Royal Assent on 10 June 2021. As a result the closing deferred tax balances as at 31 May 2021 are recognised at 25% (2020 - 19%).

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**11 Intangible fixed assets**

<b>Group</b>	<b>Goodwill £</b>
<b>Cost</b>	
At 1 June 2020 and 31 May 2021	(733,505)
<b>Amortisation and impairment</b>	
At 1 June 2020	(661,622)
Amortisation charged for the year	(14,376)
At 31 May 2021	(675,998)
<b>Carrying amount</b>	
At 31 May 2021	(57,507)
At 31 May 2020	(71,883)

The company had no intangible fixed assets at 31 May 2021 or 31 May 2020.

**12 Tangible fixed assets**

<b>Group</b>	<b>Land and buildings Freehold £</b>	<b>Plant and machinery, etc £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 June 2020	3,769,585	5,686,304	9,455,889
Additions	-	225,073	225,073
Disposals	-	(241,012)	(241,012)
At 31 May 2021	3,769,585	5,670,365	9,439,950
<b>Depreciation and impairment</b>			
At 1 June 2020	1,417,664	4,981,957	6,399,621
Depreciation charged in the year	92,631	342,343	434,974
Eliminated in respect of disposals	-	(210,683)	(210,683)
At 31 May 2021	1,510,295	5,113,617	6,623,912
<b>Carrying amount</b>			
At 31 May 2021	2,259,290	556,748	2,816,038
At 31 May 2020	2,351,921	704,347	3,056,268

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**12 Tangible fixed assets (continued)**

<b>Company</b>	<b>Land and buildings Freehold £</b>	<b>Plant and machinery, etc £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 June 2020	2,848,983	3,818,088	6,667,071
Additions	-	125,775	125,775
Disposals	-	(101,648)	(101,648)
At 31 May 2021	2,848,983	3,842,215	6,691,198
<b>Depreciation and impairment</b>			
At 1 June 2020	1,004,700	3,181,448	4,186,148
Depreciation charged in the year	56,980	297,462	354,442
Eliminated in respect of disposals	-	(71,319)	(71,319)
At 31 May 2021	1,061,680	3,407,591	4,469,271
<b>Carrying amount</b>			
At 31 May 2021	1,787,303	434,624	2,221,927
At 31 May 2020	1,844,283	636,640	2,480,923

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	<b>Group 2021 £</b>	<b>2020 £</b>	<b>Company 2021 £</b>	<b>2020 £</b>
Plant and machinery, etc	240,621	430,421	240,621	430,421

Included in the cost of the property is land, which not being separately identified is depreciated. Also included is land of £46,000 (2020 - £46,000) which is separately identifiable and as such is not depreciated.

**13 Fixed asset investments**

	<b>Notes</b>	<b>Group 2021 £</b>	<b>2020 £</b>	<b>Company 2021 £</b>	<b>2020 £</b>
Investments in subsidiaries	14	-	-	650,050	650,050
Investments in joint ventures	15	118,140	102,546	30,692	30,692
		118,140	102,546	680,742	680,742

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**13 Fixed asset investments (continued)**

**Movements in fixed asset investments  
Group**

**Shares in joint  
ventures**

**£**

**Cost or valuation**

At 1 June 2020

**102,546**

Share of results

**15,594**

At 31 May 2021

**118,140**

**Carrying amount**

At 31 May 2021

**118,140**

At 31 May 2020

**102,546**

**Movements in fixed asset investments  
Company**

**Shares in  
subsidiaries  
and joint  
ventures  
£**

**Cost or valuation**

At 1 June 2020 and 31 May 2021

**680,742**

**Carrying amount**

At 31 May 2021

**680,742**

At 31 May 2020

**680,742**

**14 Subsidiaries**

Details of the company's subsidiaries at 31 May 2021 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Nature of business</b>	<b>Class of shares held</b>	<b>% Held Direct</b>
Forfar Galvanisers Limited	Scotland	Galvanising services	Ordinary	100.00

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**15 Joint ventures**

Details of joint ventures at 31 May 2021 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Nature of business</b>	<b>Class of shares held</b>	<b>% Held Direct</b>
Weihai Ritchie Hua Engineering	China	Production and sale of machinery parts	Ordinary	50.00

**16 Stocks**

	<b>Group 2021 £</b>	<b>2020 £</b>	<b>Company 2021 £</b>	<b>2020 £</b>
Raw materials and consumables	<b>1,709,400</b>	1,150,593	<b>1,228,514</b>	708,009
Work in progress	<b>546,321</b>	311,665	<b>546,321</b>	311,665
Finished goods and goods for resale	<b>1,028,603</b>	1,238,837	<b>1,028,603</b>	1,238,837
	<b>3,284,324</b>	2,701,095	<b>2,803,438</b>	2,258,511

**17 Debtors**

	<b>Group 2021 £</b>	<b>2020 £</b>	<b>Company 2021 £</b>	<b>2020 £</b>
<b>Amounts falling due within one year:</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>2,632,275</b>	2,205,147	<b>2,565,818</b>	2,108,428
Corporation tax recoverable	<b>67,412</b>	65,202	<b>16,723</b>	56,868
Amounts owed by group undertakings	-	-	<b>201,908</b>	218,055
Other debtors	-	54,934	-	44,914
Prepayments and accrued income	<b>42,694</b>	32,592	<b>25,892</b>	19,501
	<b>2,742,381</b>	2,357,875	<b>2,810,341</b>	2,447,766

**18 Creditors: amounts falling due within one year**

		<b>Group 2021 £</b>	<b>2020 £</b>	<b>Company 2021 £</b>	<b>2020 £</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>20</b>	<b>249,011</b>	63,478	<b>49,333</b>	49,333
Obligations under finance leases	<b>21</b>	<b>152,655</b>	197,301	<b>152,655</b>	197,301
Trade creditors		<b>1,055,707</b>	297,295	<b>931,850</b>	277,217
Other taxation and social security		<b>137,256</b>	215,113	<b>120,791</b>	196,899
Accruals and deferred income		<b>378,420</b>	454,979	<b>358,031</b>	435,053
		<b>1,973,049</b>	1,228,166	<b>1,612,660</b>	1,155,803



**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**19 Creditors: amounts falling due after more than one year**

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	673,000	740,189	629,000	678,334
Obligations under finance leases	21	95,890	227,823	95,890	227,823
Deferred income		23,560	24,197	23,560	24,197
		<u>792,450</u>	<u>992,209</u>	<u>748,450</u>	<u>930,354</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>431,667</u>	<u>481,000</u>	<u>431,667</u>	<u>481,000</u>
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**20 Loans and overdrafts**

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	738,333	803,667	678,333	727,667
Bank overdrafts	183,678	-	-	-
	<u>922,011</u>	<u>803,667</u>	<u>678,333</u>	<u>727,667</u>
Payable within one year	249,011	63,478	49,333	49,333
Payable after one year	<u>673,000</u>	<u>740,189</u>	<u>629,000</u>	<u>678,334</u>

Bank borrowings are secured by fixed charges over the assets they relate to and floating charges over the assets of the David Ritchie (Implements) Limited and its subsidiary.

**21 Finance lease obligations**

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	152,655	197,301	152,655	197,301
In two to five years	95,890	227,823	95,890	227,823
	<u>248,545</u>	<u>425,124</u>	<u>248,545</u>	<u>425,124</u>

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**21 Finance lease obligations (continued)**

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3-4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The finance lease creditors are secured over the assets to which they relate.

Finance leases are secured over the assets concerned.

**22 Deferred taxation**

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2021 £</b>	<b>Liabilities 2020 £</b>
<b>Group</b>		
ACAs	<b>130,771</b>	110,590
Other	<b>(10,871)</b>	(7,386)
	<b>119,900</b>	103,204
	<b>Liabilities 2021 £</b>	<b>Liabilities 2020 £</b>
<b>Company</b>		
ACAs	<b>96,236</b>	97,325
Other	<b>(10,550)</b>	(6,030)
	<b>85,686</b>	91,295
	<b>Group 2021 £</b>	<b>Company 2021 £</b>
<b>Movements in the year:</b>		
Liability at 1 June 2020	<b>103,204</b>	<b>91,295</b>
Charge/(credit) to profit or loss	<b>16,696</b>	(5,609)
	<b>119,900</b>	<b>85,686</b>

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**23 Retirement benefit schemes**

	<b>2021</b>	<b>2020</b>
<b>Defined contribution schemes</b>	<b>£</b>	<b>£</b>
Charge to profit or loss in respect of defined contribution schemes	<b>237,566</b>	170,037

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

**24 Share capital**

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Ordinary share capital</b>	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<b>35,000</b>	35,000	<b>35,000</b>	35,000

Ordinary shares carry full ownership, voting and equity rights.

**25 Share premium account**

This reserve includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**26 Revaluation reserve**

This is a non-distributable reserve and represents the cumulative effect of revaluations of fixed assets less deferred tax.

**27 Capital redemption reserve**

This is a non-distributable reserve representing the nominal value of shares following the redemption or purchase of the company's own shares.

**28 Profit and loss reserves**

Profit and loss reserves includes all the current and prior period retained profits and losses.

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**29 Operating lease commitments**

**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	<b>97,770</b>	113,224	<b>97,770</b>	113,224
Between two and five years	<b>51,639</b>	150,740	<b>51,639</b>	150,740
	<b>149,409</b>	263,964	<b>149,409</b>	263,964

**30 Cash (absorbed by)/generated from group operations**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year after tax	<b>(124,860)</b>	<b>344,711</b>
<b>Adjustments for:</b>		
Share of results of associates and joint ventures	<b>(15,594)</b>	(49,024)
Taxation credited	<b>(58,255)</b>	(107,830)
Finance costs	<b>41,958</b>	46,537
Investment income	<b>(2,250)</b>	(2,128)
Gain on disposal of tangible fixed assets	<b>(23,937)</b>	(15,800)
Amortisation and impairment of intangible assets	<b>(14,376)</b>	(14,376)
Depreciation and impairment of tangible fixed assets	<b>434,974</b>	381,060
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	<b>(583,229)</b>	483,452
(Increase)/decrease in debtors	<b>(382,296)</b>	17,427
Increase/(decrease) in creditors	<b>603,996</b>	(363,950)
Decrease in deferred income	<b>(637)</b>	(637)
<b>Cash (absorbed by)/generated from operations</b>	<b>(124,506)</b>	<b>719,442</b>

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

**31 Cash (absorbed by)/generated from operations - company**

	2021 £	2020 £
Profit for the year after tax	24,512	392,631
<b>Adjustments for:</b>		
Taxation credited	(38,206)	(92,709)
Finance costs	37,514	46,537
Investment income	(2,250)	(1,462)
Gain on disposal of tangible fixed assets	(23,937)	(15,800)
Depreciation and impairment of tangible fixed assets	354,442	295,782
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(544,927)	430,665
Increase in debtors	(402,720)	(155,966)
Increase/(decrease) in creditors	501,503	(233,551)
Decrease in deferred income	(637)	(637)
<b>Cash (absorbed by)/generated from operations</b>	<b>(94,706)</b>	<b>665,490</b>

**32 Analysis of changes in net debt - group**

	1 June 2020 £	Cash flows £	New loans and finance leases £	31 May 2021 £
Cash at bank and in hand	1,070,844	(320,515)	-	750,329
Bank overdrafts	-	(183,678)	-	(183,678)
	1,070,844	(504,193)	-	566,651
Borrowings excluding overdrafts	(803,667)	65,334	-	(738,333)
Obligations under finance leases	(425,124)	221,574	(44,995)	(248,545)
	(157,947)	(217,285)	(44,995)	(420,227)

**33 Analysis of changes in net debt - company**

	1 June 2020 £	Cash flows £	New loans and finance leases £	31 May 2021 £
Cash at bank and in hand	1,047,391	(354,650)	-	692,741
Borrowings excluding overdrafts	(727,667)	49,334	-	(678,333)
Obligations under finance leases	(425,124)	221,574	(44,995)	(248,545)
	(105,400)	(83,742)	(44,995)	(234,137)

**David Ritchie (Implements) Limited**

**Notes to the financial statements (continued)**

**for the year ended 31 May 2021**

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**34 Related party transactions**

During the year the company received income from Ritchie Hua Engineering Limited a company with common directors, of £88,759 (2020 - £109,713). There was no balance outstanding at the current or preceding year end.

**35 Controlling party**

There is no single controlling party.

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