

Foss U.K. Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023

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Foss U.K. Limited

(Registration number: 00694750) Balance Sheet as at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	6	12,282	16,376
Current assets			
Stock	7	666,741	679,774
Debtors	8	2,588,955	2,241,132
		3,255,696	2,920,906
Creditors: Amounts falling due within one year	9	(1,691,671)	(1,367,712)
Net current assets		1,564,025	1,553,194
Total assets less current liabilities		1,576,307	1,569,570
Provisions for liabilities	11	(62,824)	(67,447)
Net assets		1,513,483	1,502,123
Capital and reserves			
Called up share capital		1,225,000	1,225,000
Retained earnings		288,483	277,123
Shareholders' funds		1,513,483	1,502,123

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. As permitted by section 444 (5A) of the Companies Act 2006, the directors have not delivered to the registrar a copy of the Profit and Loss Account.

Approved and authorised by the Board on 31 July 2024 and signed on its behalf by:

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J Sabroe
Director

Foss U.K. Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales.

Principal activity

The principal activity of the Company is that of the provision of wholesale agricultural machinery, equipment and supplies.

The address of its registered office is:

15 Whitworth Court

Runcorn

WA7 1WA

England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

Turnover recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

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Notes to the Financial Statements for the Year Ended 31 December 2023

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	20% straight line
Fixtures, fittings and equipment	20-50% straight line

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Notes to the Financial Statements for the Year Ended 31 December 2023

Stock

Stock are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stock are assessed for impairment. If stock are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

Debtors

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Trade debtors are amounts due from customers for merchandise sold in the ordinary course of business.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Notes to the Financial Statements for the Year Ended 31 December 2023

Creditors

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties, 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. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements for the Year Ended 31 December 2023

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Significant judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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 outlined below:

Stock provision:

The company sells machines which are subject to technological developments and customer demands. As a result it is necessary to consider the recoverability of cost of stock and the associated provision required. When calculating stock provisions, management considers the nature and condition of the stock, as well as applying assumptions around anticipated future usage of stock components.

The stock provision at the year end is £238,844 (2022: £307,195).

Warranty provision:

The company calculates a provision of 0.48% of machine turnover for the warranties which are in place for the machines which are sold. In calculating this provision, management consider the costs incurred for any specific issues which may have arisen which could impact on the size or volume of future warranty claims being made.

The warranty provision at the year end is £59,754 (2022: £63,354).

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Notes to the Financial Statements for the Year Ended 31 December 2023

Recoverability of trade debtors:

A provision for bad debts is estimated based on the expected future recoverability of trade debtors. Expected losses on trade debtors are calculated based on the ageing of debtors and historical recoverability.

At the end of the reporting period the allowance for bad debts was £85,308 (2022: £10,339).

4 Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 31 July 2024 was Russell Joseph, who signed for and on behalf of Bournier Bullock.

5 Staff numbers

The average number of persons employed by the Company (including directors) during the year, was 24 (2022 - 24).

6 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 January 2023	<u>59,096</u>	<u>59,096</u>
At 31 December 2023	<u>59,096</u>	<u>59,096</u>
Depreciation		
At 1 January 2023	42,720	42,720
Charge for the year	<u>4,094</u>	<u>4,094</u>
At 31 December 2023	<u>46,814</u>	<u>46,814</u>
Carrying amount		
At 31 December 2023	<u><u>12,282</u></u>	<u><u>12,282</u></u>
At 31 December 2022	<u><u>16,376</u></u>	<u><u>16,376</u></u>

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Notes to the Financial Statements for the Year Ended 31 December 2023

7 Stock

	2023 £	2022 £
Finished goods and spare parts	666,741	679,774

8 Debtors

	2023 £	2022 £
Trade debtors	2,474,901	2,153,403
Prepayments	112,097	85,349
Other debtors	1,957	2,380
	2,588,955	2,241,132

9 Creditors

Creditors: amounts falling due within one year

	2023 £	2022 £
Due within one year		
Trade creditors	52,289	55,030
Amounts owed to group companies	555,016	341,405
Taxation and social security	189,886	256,964
Other creditors	1,845	108,937
Accruals	145,615	86,562
Deferred income	747,020	518,814
	1,691,671	1,367,712

10 Dividends

Interim dividends paid

	2023 £	2022 £
Interim dividend of £0.187 (2022 - £0.045) per each Ordinary share	229,379	55,144

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Notes to the Financial Statements for the Year Ended 31 December 2023

11 Provisions for liabilities

	Warranties £	Deferred tax on other timing differences £	Total £
At 1 January 2023	63,354	4,093	67,447
Decrease in existing provisions	(3,600)	(1,023)	(4,623)
At 31 December 2023	<u>59,754</u>	<u>3,070</u>	<u>62,824</u>

12 Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	184,126	158,101
Later than one year and not later than five years	<u>249,957</u>	<u>256,177</u>
	<u>434,083</u>	<u>414,278</u>

13 Parent and ultimate parent undertaking

The company's immediate parent is Foss A/S. The ultimate parent undertaking and the ultimate controlling party is N. Foss & Co. A/S which is incorporated in Denmark.

The parent of the smallest and largest group in which these financial statements are consolidated is Foss A/S. These financial statements are available upon request from:

Erhvervsstyrelsen
Langelinie Alle 17
2100 Copenhagen East
Denmark