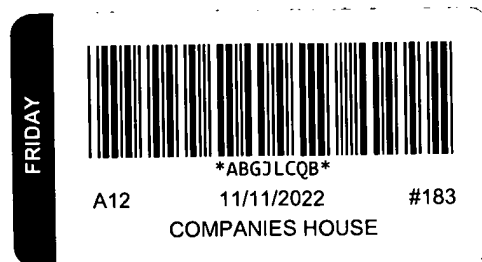


Registration number: 03186709

Carron Lodge Limited
Directors' Report and Financial
Statements
31 March 2022



dodd&co

Carron Lodge Limited

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Carron Lodge Limited

Company Information

Directors	R A Rhodes A S Rhodes
Company secretary	A S Rhodes
Registered office	Park Head Farm Carron Lane Inglewhite PRESTON PR3 2LN
Auditors	Dodd & Co Limited Chartered Accountants & Registered Auditors FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW

Carron Lodge Limited

Strategic Report for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activity

The principal activity of the company is the production, processing, factoring, importation and wholesale distribution of dairy products.

Fair review of the business

The directors are pleased with the results for the year, which show an increase in turnover, gross profit and profit before tax as the impact of the Covid-19 pandemic lessens, and with the position of the company as at 31 March 2022. The directors have no plans for changes or developments to the business of the company other than the acquisitions noted below.

Dividends totalling £189,858 were paid during the year. The directors recommend that no final dividends be paid.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Turnover	£	45,268,764	29,230,022
Gross profit margin	%	16	14
Profit before tax	£	4,353,417	1,540,130
Net assets	£	14,381,883	11,160,819

Given the straightforward nature of the company's business, the company's directors are of the opinion that any further analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Important non adjusting events after the financial period


On 6 April 2022 the company purchased the entire share capital of The Cheddar Gorge Cheese Company Limited for £2,473,224.

On 10 June 2022 the company purchased the goodwill and related intangible fixed assets of The Ribblesdale Cheese Company for £150,000.

Principal risks and uncertainties

The management of the business and the execution of the company's strategies are subject to a number of risks. The company is subject to foreign exchange risk. The company's directors are confident that the business will continue to adapt to changing business circumstances.

Approved and authorised by the Board on 26 October 2022 and signed on its behalf by:



A S Rhodes
Company secretary and director

Carron Lodge Limited

Directors' Report for the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors of the company

The directors who held office during the year were as follows:

R A Rhodes

A S Rhodes - Company secretary and director

Financial instruments

Objectives and policies

The company's directors continually monitor and manage the finances of the company with a view to meeting future financial obligations as and when they become due. In addition, they aim to manage the company's liquid resources in such a way as to ensure that funds are available to cover any unexpected items of expenditure which may arise in the course of the company's business, with the ultimate aim of ensuring that the company's ability to trade is not put at risk.

The situation with regards to the Covid-19 pandemic is constantly being monitored but, at the date of this report, is not expected to have a material impact on the future operations or financial stability of the company.

Price risk, credit risk, liquidity risk and cash flow risk

The principal financial instruments of the business comprise of bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the operations of the business.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the cash balances of the business are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the level of credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of provisions for doubtful debtors.

Loans comprise loans to the directors. The business manages the liquidity risk by ensuring that there are sufficient funds to allow the directors to drawdown any further amounts on the loans without any detrimental impact upon the company's cash flow.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Finance risks in respect of changes in foreign currency exchange rates are managed by maintaining a Euro account through which foreign currency transactions are made.

Research and development

Research and development activities relate to the ongoing development of new cheese varieties through trialling of ingredients and examining the impact on product stability and safety, and the breeding trials of mixed cattle herds using artificial insemination in an effort to improve the genetic profile of the herd and improve fertility, health and milk composition.

Carron Lodge Limited

Directors' Report for the Year Ended 31 March 2022 (continued)

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

The Strategic Report on page 2 sets out the future developments of the company.

Approved by the Board on 26 October 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A Rhodes', written over a dotted line.

A S Rhodes
Company secretary and director

Carron Lodge Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Carron Lodge Limited

Independent Auditor's Report to the Members of Carron Lodge Limited

Opinion

We have audited the financial statements of Carron Lodge Limited (the 'company') for the year ended 31 March 2022, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 company's affairs as at 31 March 2022 and of its profit 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 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 company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Carron Lodge Limited

Independent Auditor's Report to the Members of Carron Lodge Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities [set out on page 5], 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 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 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 is detailed below. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

Carron Lodge Limited

Independent Auditor's Report to the Members of Carron Lodge Limited (continued)

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax and pensions regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud to be in relation to management override which, in common with all audits under ISAs (UK), we are required to perform specific procedures to respond to this risk.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context related to the Health and Safety Act, Food Safety Act, Employment Law and the Driver and Vehicle Standards Agency.

As a result of performing the above, in response to the risks identified, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Carron Lodge Limited

Independent Auditor's Report to the Members of Carron Lodge Limited (continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.


There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our 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.



.....
Martin S Ward (Senior Statutory Auditor)
For and on behalf of Dodd & Co Limited, Statutory Auditor

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

26 October 2022

Carron Lodge Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover		45,268,764	29,230,022
Cost of sales		<u>(37,931,073)</u>	<u>(25,165,991)</u>
Gross profit		7,337,691	4,064,031
Distribution costs		(1,322,904)	(967,224)
Administrative expenses		(1,957,359)	(1,806,003)
Other operating income		<u>100,546</u>	<u>247,638</u>
Operating profit		4,157,974	1,538,442
Gain/(loss) on investment properties at fair value through profit and loss account		184,516	-
Other interest receivable and similar income		11,868	10,088
Interest payable and similar charges		<u>(941)</u>	<u>(8,400)</u>
Profit before tax		4,353,417	1,540,130
Taxation		<u>(942,495)</u>	<u>(275,375)</u>
Profit for the financial year		3,410,922	1,264,755
Distributable retained earnings brought forward		11,159,199	10,084,302
Dividends paid		(189,858)	(189,858)
Transfer to non-distributable reserve		<u>(138,387)</u>	<u>-</u>
Distributable retained earnings carried forward		<u>14,241,876</u>	<u>11,159,199</u>

The notes on pages 13 to 31 form an integral part of these financial statements.

Carron Lodge Limited
(Registration number: 03186709)
Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	5,173,603	4,988,746
Investment property	16	1,224,000	1,039,484
Investments	17	100	100
		<u>6,397,703</u>	<u>6,028,330</u>
Current assets			
Stocks	18	3,071,915	2,218,639
Debtors	19	5,163,007	2,925,127
Cash at bank and in hand		<u>5,617,524</u>	<u>2,595,874</u>
		13,852,446	7,739,640
Creditors: Amounts falling due within one year	21	<u>(5,353,959)</u>	<u>(2,270,153)</u>
Net current assets		<u>8,498,487</u>	<u>5,469,487</u>
Total assets less current liabilities		14,896,190	11,497,817
Provisions for liabilities	22	<u>(514,307)</u>	<u>(336,998)</u>
Net assets		<u>14,381,883</u>	<u>11,160,819</u>
Capital and reserves			
Called up share capital	24	1,120	1,120
Capital redemption reserve	25	500	500
Non-distributable reserve	25	138,387	-
Profit and loss account	25	<u>14,241,876</u>	<u>11,159,199</u>
Total equity		<u>14,381,883</u>	<u>11,160,819</u>

Approved and authorised by the Board on 26 October 2022 and signed on its behalf by:



.....
R A Rhodes
Director

Carron Lodge Limited

Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		3,410,922	1,264,755
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	496,729	469,342
Changes in fair value of investment property	16	(184,516)	-
(Profit)/loss on disposal of tangible assets		(34,781)	6,233
Finance income	8	(11,868)	(10,088)
Finance costs	9	941	8,400
Income tax expense	13	942,495	275,375
		<u>4,619,922</u>	<u>2,014,017</u>
Working capital adjustments			
Increase in stocks	18	(853,276)	(812,162)
(Increase)/decrease in trade debtors	19	(2,115,798)	638,151
Increase/(decrease) in trade creditors	21	<u>2,481,809</u>	<u>(934,754)</u>
Cash generated from operations		4,132,657	905,252
Income taxes paid	13	<u>(150,689)</u>	<u>(55,987)</u>
Net cash flow from operating activities		<u>3,981,968</u>	<u>849,265</u>
Cash flows from investing activities			
Interest received	8	11,868	10,088
Acquisitions of tangible assets		(730,325)	(1,261,642)
Proceeds from sale of tangible assets		<u>83,520</u>	<u>5,500</u>
Net cash flows from investing activities		<u>(634,937)</u>	<u>(1,246,054)</u>
Cash flows from financing activities			
Interest paid	9	(941)	(8,400)
Proceeds from draw downs / (repayment) of other borrowings		(12,500)	31,503
Advances to directors		(122,082)	(119,904)
Dividends paid	28	<u>(189,858)</u>	<u>(189,858)</u>
Net cash flows from financing activities		<u>(325,381)</u>	<u>(286,659)</u>
Net increase/(decrease) in cash and cash equivalents		3,021,650	(683,448)
Cash and cash equivalents at 1 April		<u>2,595,874</u>	<u>3,279,322</u>
Cash and cash equivalents at 31 March		<u><u>5,617,524</u></u>	<u><u>2,595,874</u></u>

The notes on pages 13 to 31 form an integral part of these financial statements.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

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

The address of its registered office is:

Park Head Farm

Carron Lane

Inglewhite

PRESTON

PR3 2LN

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 were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

The company has not prepared consolidated accounts on the basis that the net assets of its subsidiary amount to £100 and that it did not trade during the year.

Going concern

The financial statements have been prepared on a going concern basis. The directors do not consider that the ongoing Covid-19 outbreak will have a significant impact on the future operations or financial stability of the company.

Revenue 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 and after eliminating sales within the company.

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.

Government grants

Grants relating to revenue are recognised in the profit and loss account on a systematic basis over the periods in which the related costs are recognised for which the grant is intended to compensate.

Grants for the purpose of giving immediate financial support with no future related costs to be incurred are recognised in the profit and loss account when the grant proceeds become receivable.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

Other grants

Grants such as the basic payment scheme are included in the profit and loss account when all the necessary conditions for receipt have been met.

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.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by the directors. The directors use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

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 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 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.

Tangible assets

Tangible assets are stated in the balance sheet 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.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

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
Land and buildings	Land not depreciated. Buildings 2% straight line, 5% straight line or over the length of the lease
Plant and equipment	20% reducing balance basis
Motor vehicles	25% reducing balance basis

Included within land and buildings are tenant's improvements on buildings leased by the company from the directors. As the long term intention is for the company's operations to continue from those buildings, it is deemed to give a true and fair view to depreciate the assets over their estimated useful economic life on both 5% and 2% straight line basis rather than over the duration of the lease.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	straight line basis over five years

Investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

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.

Trade debtors

Trade debtors are amounts due from customers for the sale of goods or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment, where due after more than one year. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

Stocks

Stocks 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, stocks are assessed for impairment. If stocks 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method where due after more than one year.

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.

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.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

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.

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 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Internally generated cheese stock is valued at the cost of production. This involves estimating base yields on milk volume and applying to the milk spot price at the year end.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	<u>45,268,764</u>	<u>29,230,022</u>

The analysis of the company's turnover for the year by market is as follows:

	2022	2021
	£	£
UK	45,238,521	29,170,555
Europe	<u>30,243</u>	<u>59,467</u>
	<u>45,268,764</u>	<u>29,230,022</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Rent receivable	33,640	46,907
Grazing income	2,654	4,603
Government grants receivable	7,171	150,608
Farm grants and subsidies receivable	53,301	44,174
Deferred grant written back	411	515
Other income	3,369	831
	<u>100,546</u>	<u>247,638</u>

6 Operating profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	496,729	469,342
Foreign exchange (gains)/losses	(73,795)	50,361
(Profit)/loss on disposal of property, plant and equipment	<u>(34,781)</u>	<u>6,233</u>

7 Government grants

Included in the profit and loss account are government grants receivable in respect of UK government initiatives to respond to the financial impact of the COVID-19 pandemic, namely the Coronavirus Job Retention Scheme.

The amount of grants recognised in the financial statements was £7,171 (2021 - £150,608).

8 Other interest receivable and similar income

	2022 £	2021 £
Interest income on bank deposits	-	43
Other finance income	11,868	10,045
	<u>11,868</u>	<u>10,088</u>

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and borrowings	<u>941</u>	<u>8,400</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	3,364,059	3,014,097
Social security costs	294,475	261,789
Pension costs, defined contribution scheme	134,001	130,352
	<u>3,792,535</u>	<u>3,406,238</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	67	62
Administration and support	25	26
Distribution	47	40
	<u>139</u>	<u>128</u>

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	17,518	15,940
Contributions paid to money purchase schemes	80,000	80,000
	<u>97,518</u>	<u>95,940</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

12 Auditor's remuneration

	2022 £	2021 £
Audit of the financial statements	<u>10,000</u>	<u>10,000</u>
Other fees to auditors		
All other non-audit services	<u>15,544</u>	<u>13,025</u>

13 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	765,186	176,830
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(27,256)</u>
	<u>765,186</u>	<u>149,574</u>
Deferred taxation		
Arising from origination and reversal of timing differences	53,875	125,801
Arising from changes in tax rates and laws	<u>123,434</u>	<u>-</u>
Total deferred taxation	<u>177,309</u>	<u>125,801</u>
Tax expense in the income statement	<u>942,495</u>	<u>275,375</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>4,353,417</u>	<u>1,540,130</u>
Corporation tax at standard rate	827,149	292,625
Effect of expense not deductible in determining taxable profit (tax loss)	360	332
Deferred tax expense relating to changes in tax rates or laws	123,434	-
Tax decrease from effect of adjustment in research and development tax credit	-	(27,256)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(8,448)</u>	<u>9,674</u>
Total tax charge	<u>942,495</u>	<u>275,375</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2022		
Difference between accumulated depreciation and amortisation and capital allowances	-	469,270
Short term timing difference re pensions accrual	-	(1,092)
Provision on fair value adjustment of investment property	-	46,129
	<u>-</u>	<u>514,307</u>
	Asset £	Liability £
2021		
Difference between accumulated depreciation and amortisation and capital allowances	-	337,775
Short term timing difference re pensions accrual	-	(777)
	<u>-</u>	<u>336,998</u>

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £88,264 (2021 - £63,632).

An increase in the UK corporation tax rate to 25% from 1 April 2023 was fully enacted in the UK on 24 May 2021. Deferred tax has been recognised at the rate at which the temporary differences are expected to reverse, which equates to 25%.

14 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 April 2021	<u>104,102</u>	<u>104,102</u>
At 31 March 2022	<u>104,102</u>	<u>104,102</u>
Amortisation		
At 1 April 2021	<u>104,102</u>	<u>104,102</u>
At 31 March 2022	<u>104,102</u>	<u>104,102</u>
Carrying amount		
At 31 March 2022	<u>-</u>	<u>-</u>
At 31 March 2021	<u>-</u>	<u>-</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

15 Tangible assets

	Land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2021	3,960,006	2,802,903	1,808,537	8,571,446
Additions	348,251	285,717	96,357	730,325
Disposals	-	(47,091)	(141,697)	(188,788)
At 31 March 2022	<u>4,308,257</u>	<u>3,041,529</u>	<u>1,763,197</u>	<u>9,112,983</u>
Depreciation				
At 1 April 2021	624,452	1,783,278	1,174,970	3,582,700
Charge for the year	110,408	222,818	163,503	496,729
Eliminated on disposal	-	(22,967)	(117,082)	(140,049)
At 31 March 2022	<u>734,860</u>	<u>1,983,129</u>	<u>1,221,391</u>	<u>3,939,380</u>
Carrying amount				
At 31 March 2022	<u>3,573,397</u>	<u>1,058,400</u>	<u>541,806</u>	<u>5,173,603</u>
At 31 March 2021	<u>3,335,554</u>	<u>1,019,625</u>	<u>633,567</u>	<u>4,988,746</u>

Included within the net book value of land and buildings above is £1,980,932 (2021 - £1,993,358) in respect of freehold land and buildings and £1,592,465 (2021 - £1,342,196) in respect of short leasehold land and buildings.

16 Investment properties

	2022 £
At 1 April 2021	1,039,484
Fair value adjustments	<u>184,516</u>
At 31 March 2022	<u>1,224,000</u>

The investment properties have been valued at 31 March 2022 by the directors.
There has been no valuation of investment property by an independent valuer.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

17 Investments in subsidiaries, joint ventures and associates

	2022 £	2021 £
Investments in subsidiaries	<u>100</u>	<u>100</u>
Subsidiaries		£
Cost or valuation		
At 1 April 2021		<u>100</u>
Carrying amount		
At 31 March 2022		<u>100</u>
At 31 March 2021		<u>100</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Parkview Foods Limited	England and Wales	Ordinary	100%	100%

Subsidiary undertakings

Parkview Foods Limited

The principal activity of Parkview Foods Limited is non trading. The profit for the financial period of Parkview Foods Limited was £- and the aggregate amount of Capital and reserves at the end of the period was £100.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

18 Stocks

	2022 £	2021 £
Finished goods	2,755,710	1,908,501
Livestock	292,905	286,510
Other farm stock	23,300	23,628
	<u>3,071,915</u>	<u>2,218,639</u>

19 Debtors

	2022 £	2021 £
Trade debtors	3,957,995	2,018,525
Other debtors	964,797	746,846
Prepayments	240,215	159,756
	<u>5,163,007</u>	<u>2,925,127</u>

20 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	2,258	4,017
Cash at bank	5,615,266	2,591,857
	<u>5,617,524</u>	<u>2,595,874</u>

21 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	26	30,001	42,501
Trade creditors		4,390,572	1,924,420
Amounts due to related parties	30	100	100
Social security and other taxes		66,542	56,085
Outstanding defined contribution pension costs		10,479	9,638
Other payables		7,136	3,277
Accrued expenses		83,943	83,443
Corporation tax liability	13	765,186	150,689
		<u>5,353,959</u>	<u>2,270,153</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

22 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 April 2021	336,998	336,998
Increase (decrease) in existing provisions	<u>177,309</u>	<u>177,309</u>
At 31 March 2022	<u>514,307</u>	<u>514,307</u>

23 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £134,001 (2021 - £130,352).

Contributions totalling £10,479 (2021 - £9,638) were payable to the scheme at the end of the year and are included in creditors.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

24 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
'A' Ordinary shares of £1 each	120	120	120	120
'B' Ordinary shares of £1 each	500	500	500	500
'C' Ordinary shares of £1 each	500	500	500	500
	<u>1,120</u>	<u>1,120</u>	<u>1,120</u>	<u>1,120</u>

Rights, preferences and restrictions

'A' Ordinary shares have the following rights, preferences and restrictions:

Full voting rights.

Full rights to participate in any distribution with regard to dividends relating to this class of share.

Full rights to participate in any distribution on winding up.

'B' Ordinary shares have the following rights, preferences and restrictions:

Full voting rights.

Full rights to participate in any distribution with regard to dividends relating to this class of share.

Full rights to participate in any distribution on winding up.

'C' Ordinary shares have the following rights, preferences and restrictions:

Full voting rights.

Full rights to participate in any distribution with regard to dividends relating to this class of share.

Full rights to participate in any distribution on winding up.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

25 Reserves

Called up share capital

Represents the nominal value of shares that have been issued.

Non-distributable reserve

Fair value adjustment of investment properties less deferred tax provision thereon.

Capital redemption reserve

Non-distributable reserve that represents paid up share capital.

Profit and loss account

Includes all current period retained profits and losses.

A reconciliation of the opening and closing non-distributable reserve for the current year is as follows:

	Non-distributable reserve £
Brought forward	-
Transfer	184,516
Other movement	-
Deferred tax	<u>(46,129)</u>
Carried forward	<u>138,387</u>

26 Loans and borrowings

	2022 £	2021 £
Current loans and borrowings		
Other borrowings	<u>30,001</u>	<u>42,501</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

27 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	141,521	171,005
Later than one year and not later than five years	137,535	200,290
	<u>279,056</u>	<u>371,295</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £192,626 (2021 - £196,612).

Operating lease commitments relate to amounts payable under property, equipment and vehicle leases.

28 Dividends

Interim dividends paid

	2022 £	2021 £
Interim dividend of £789 per each 'A' Ordinary shares	94,738	94,738
Interim dividend of £95 per each 'B' Ordinary shares	47,560	47,560
Interim dividend of £95 per each 'C' Ordinary shares	47,560	47,560
	<u>189,858</u>	<u>189,858</u>

29 Analysis of changes in net debt

	At 1 April 2021 £	Other cash flow movements £	At 31 March 2022 £
Cash and cash equivalents			
Cash	2,595,874	3,021,650	5,617,524
Borrowings			
Other borrowings	(42,501)	12,500	(30,001)
	<u>2,553,373</u>	<u>3,034,150</u>	<u>5,587,523</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

30 Related party transactions

Key management personnel

The directors and senior management

Key management compensation

	2022	2021
	£	£
Salaries and other short term employee benefits	32,518	30,940
Post-employment benefits	80,000	80,000
	<u>112,518</u>	<u>110,940</u>

Summary of transactions with key management

During the year the directors received property rent from the company. The company also paid rent for land owned by SIPPs to which the directors are sole beneficiaries.

Dividends paid to key management personnel and those closely connected

	2022	2021
	£	£
Interim dividend	<u>189,858</u>	<u>189,858</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

Transactions with directors

	At 1 April 2021 £	Advances £	Repayments £	Dividends credited £	Interest £	At 31 March 2022 £
2022						
R A Rhodes						
Loan to director	<u>258,377</u>	<u>153,063</u>	<u>(32,174)</u>	<u>(64,929)</u>	<u>5,081</u>	<u>319,418</u>
A S Rhodes						
Loan to director	<u>258,377</u>	<u>153,063</u>	<u>(32,174)</u>	<u>(64,929)</u>	<u>5,081</u>	<u>319,418</u>
	At 1 April 2020 £	Advances £	Repayments £	Dividends credited £	Interest £	At 31 March 2021 £
2021						
R A Rhodes						
Loan to director	<u>198,425</u>	<u>151,753</u>	<u>(31,526)</u>	<u>(64,929)</u>	<u>4,654</u>	<u>258,377</u>
A S Rhodes						
Loan to director	<u>198,425</u>	<u>151,753</u>	<u>(31,526)</u>	<u>(64,929)</u>	<u>4,654</u>	<u>258,377</u>

Directors' advances are repayable on demand.

Interest has been charged at a rate of 2.5% on advances to directors up to 5 April 2020, at 2.25% in the year ended 5 April 2021, and at 2% thereafter.

Summary of transactions with subsidiaries

Inter-company loan provided to the company by a wholly owned subsidiary.

Summary of transactions with other related parties

Building services provided to the company by the father of a director.

Income and receivables from related parties

	Key management £
2022	
Amounts receivable from related party	<u>638,836</u>
2021	
Amounts receivable from related party	<u>516,754</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

Expenditure with and payables to related parties

		Subsidiary £	Key management £
2022			
Leases		-	62,000
Amounts payable to related party		100	30,001
	Subsidiary £	Key management £	Other related parties £
2021			
Rendering of services	-	-	6,135
Leases	-	62,000	-
	-	62,000	6,135
Amounts payable to related party	100	42,501	-

31 Parent and ultimate parent undertaking

The ultimate controlling party is the directors.

32 Non adjusting events after the financial period

On 6 April 2022 the company purchased the entire share capital of The Cheddar Gorge Cheese Company Limited for £2,473,224.

On 10 June 2022 the company purchased the goodwill and related intangible fixed assets of The Ribblesdale Cheese Company for £150,000.