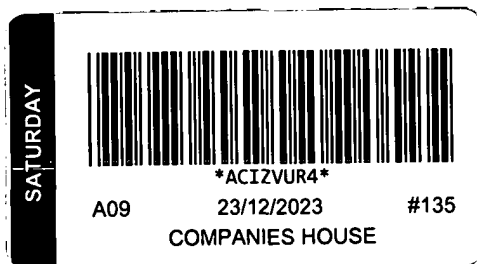


Registration number: 03186709

Carron Lodge Limited
Directors' Report and Consolidated
Financial Statements

31 March 2023

dodd&co



Carron Lodge Limited

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Carron Lodge Limited

Company Information

Directors R A Rhodes
A S Rhodes
T Rhodes

Company secretary A S Rhodes

Registered office Park Head Farm
Carron Lane
Inglewhite
PRESTON
PR3 2LN

Auditors Dodd & Co Audit 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 2023

The directors present their strategic report for the year ended 31 March 2023.

Principal activity

The principal activity of the group 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, and with the position of the group as at 31 March 2023. The directors have no plans for changes or developments to the business of the group.

Dividends totalling £188,308 were paid during the year. The directors recommend that no final dividends be paid.

During the year the company purchased 100% of the share capital of The Cheddar Gorge Cheese Company Limited. In addition the assets of Singleton's Dairy Limited and the brand rights of The Ribblesdale Cheese Company were also purchased which have allowed the business to grow.

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

	Unit	2023	2022
Turnover	£	54,799,848	45,268,764
Gross profit margin	%	16	16
Profit before tax	£	3,756,996	4,353,417
Net Assets	£	17,189,546	14,381,883

Given the straightforward nature of the group's business, the group'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.

Principal risks and uncertainties

The management of the business and the execution of the group's strategies are subject to a number of risks, none of which are of sufficient importance to specifically mention in this report. The group's directors are confident that the business will continue to adapt to changing business circumstances.

Approved and authorised by the Board on 15 December 2023 and signed on its behalf by:



A S Rhodes
Company secretary and director

Carron Lodge Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the for the year ended 31 March 2023.

Directors of the group

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

R A Rhodes

A S Rhodes - Company secretary and director

The following director was appointed after the year end:

T Rhodes (appointed 31 August 2023)

Financial instruments

Objectives and policies

The group'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 group's business, with the ultimate aim of ensuring that the group's ability to trade is not put at risk.

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.

Future developments

During the year the group acquired the assets of Singleton's Dairy Limited including the branding. Prior to the purchases Singleton's were involved in export of cheese to Europe. This has provided the opportunity for the group to expand its sales abroad going forwards.

Carron Lodge Limited

Directors' Report for the Year Ended 31 March 2023 (continued)

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.

Directors' statement of compliance with duty to promote the success of the group

The directors are well aware of their duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the group's employees;
- the need to foster the group's business relationships with suppliers, customers and others;
- the impact of the group's operations on the community and the environment;
- the desirability of the group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the group.

The directors understand the business and the evolving industry in which we operate. Based on the group's purpose to deliver the highest quality product, the strategy set by the directors is intended to strengthen our position within the cheese wholesale industry, while keeping safety fundamental to our business approach.

The directors recognise that the group's employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. The directors recognise that our pensioners, though no longer employees, also remain important stakeholders.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and other stakeholders of the business. The group seeks the promotion and application of certain general principles in such relationships. The directors continuously assess the priorities related to customers and those with whom we do business, and the senior management team engages with the business on these topics.

The group carefully considers the impact of its operations on the community and environment, seeking efficiencies in transport costs and energy usage wherever possible.

Carron Lodge Limited

Directors' Report for the Year Ended 31 March 2023 (continued)

GHC Report

This report summarises the UK energy use, associated with greenhouse gas emissions and energy efficiency actions for Carron Lodge Limited, compiled under the Streamlined Energy and Carbon Reporting (SECR) policy, implemented by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Carron Lodge Limited are mandated to report energy consumption, related emissions, intensity metrics and information regarding energy efficiency actions and improvements undertaken within the most recent reporting period.

Organisational Structure and Qualification

This report and accompanying data was produced by Carron Lodge Limited at the group level and relates to activities in the operational control of the group from 1st April 2022 to 31 March 2023, consistent with our financial reporting period.

The report also considers information of any qualifying subsidiaries included within the consolidation. There are no further entities within the group that qualify for SECR in their own right under the current reporting period.

Annual Reporting Figures

The total consumption (kwh) for energy supplies that relate to activities within the control of Carron Lodge Limited are as follows:

	2023 (kWh)
Total Consumption	1,188,085

Total emissions in tonnes of carbon dioxide equivalent (tCO₂e) for energy supplies reportable by the group are as follows:

	2023 (tCO ₂ e)
Transportation (scope 1)	182.09
Other fuel (scope 1)	55.86
Grid supplied electricity (scope 2)	229.75
Business travel (scope 3)	.60
Waste disposal	3.56

Intensity Ratio

An intensity metric of tCO₂e per FTE* has been employed as the most efficient measure of relative performance.

	2023
tCO ₂ e/FTE	2.94

Carron Lodge Limited

Directors' Report for the Year Ended 31 March 2023 (continued)

*Number of FTE is referenced within note 10 of the financial statements

Energy and efficiency improvements

Energy efficiency measures adopted by Carron Lodge Limited at the group level during the reporting period:

- All waste paper and card either recycled or composted.
- All plastic waste recycled, and continual improvement ongoing to reduce use of plastics.
- Use of solar power, reducing grid supplied electricity by 13.2% with additional solar plant planned.
- Electric car charging points installed for main car park to help reduce employee travel emissions.

Disclosure of information to the auditor

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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Approved by the Board on 15 December 2023 and signed on its behalf by:



.....
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 group and the 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 group and 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 group and 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 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Profit and Loss Account and Statement of Retained Earnings, Consolidated Balance Sheet, Balance Sheet, Consolidated 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 group's and the parent company's affairs as at 31 March 2023 and of the group's 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 group 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 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 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 Statement of Directors' Responsibilities [set out on page 7], 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 group and 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 group or the parent 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 group'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 group'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 group 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 group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mike Kirsopp

.....
Mike Kirsopp (Senior Statutory Auditor)

For and on behalf of Dodd & Co Audit Limited, Statutory Auditor

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

15 December 2023

Carron Lodge Limited

Consolidated Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	54,799,848	45,268,764
Cost of sales		<u>(46,110,317)</u>	<u>(37,931,073)</u>
Gross profit		8,689,531	7,337,691
Distribution costs		(1,631,773)	(1,322,904)
Administrative expenses		(3,447,215)	(1,957,359)
Other operating income	5	<u>143,270</u>	<u>100,546</u>
Operating profit	6	3,753,813	4,157,974
Gain/(loss) on investment properties at fair value through profit and loss account		-	184,516
Other interest receivable and similar income	8	13,019	11,868
Interest payable and similar charges	9	<u>(9,836)</u>	<u>(941)</u>
Profit before tax		3,756,996	4,353,417
Taxation	13	<u>(761,025)</u>	<u>(942,495)</u>
Profit for the financial year		<u>2,995,971</u>	<u>3,410,922</u>
Profit/(loss) attributable to:			
Owners of the company		<u>2,995,971</u>	<u>3,410,922</u>
Retained earnings brought forward		14,241,876	11,159,199
Dividends paid	29	(188,308)	(189,858)
Transfer to non distributable reserve		<u>-</u>	<u>(138,387)</u>
Retained earnings carried forward		<u>17,049,539</u>	<u>14,241,876</u>

The notes on pages 17 to 42 form an integral part of these financial statements.

Carron Lodge Limited

(Registration number: 03186709)

Consolidated Balance Sheet as at 31 March 2023

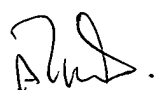
	Note	2023 £	2022 £
Fixed assets			
Intangible assets	14	753,648	-
Tangible assets	15	10,070,393	5,173,603
Investment property	16	<u>1,812,643</u>	<u>1,224,000</u>
		<u>12,636,684</u>	<u>6,397,603</u>
Current assets			
Stocks	19	4,174,513	3,071,915
Debtors	20	5,479,181	5,163,007
Cash at bank and in hand		<u>1,812,947</u>	<u>5,617,524</u>
		11,466,641	13,852,446
Creditors: Amounts falling due within one year	22	<u>(6,037,432)</u>	<u>(5,353,859)</u>
Net current assets		<u>5,429,209</u>	<u>8,498,587</u>
Total assets less current liabilities		18,065,893	14,896,190
Provisions for liabilities	23	<u>(876,347)</u>	<u>(514,307)</u>
Net assets		<u>17,189,546</u>	<u>14,381,883</u>
Capital and reserves			
Called up share capital	25	1,120	1,120
Capital redemption reserve	26	500	500
Non-distributable reserve		138,387	138,387
Profit and loss account	26	<u>17,049,539</u>	<u>14,241,876</u>
Equity attributable to owners of the company		<u>17,189,546</u>	<u>14,381,883</u>
Total equity		<u>17,189,546</u>	<u>14,381,883</u>

Approved and authorised by the Board on 15 December 2023 and signed on its behalf by:



R A Rhodes

Director



A S Rhodes

Company secretary and director

The notes on pages 17 to 42 form an integral part of these financial statements.

Carron Lodge Limited

(Registration number: 03186709)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	14	177,507	-
Tangible assets	15	9,348,189	5,173,603
Investment property	16	1,345,000	1,224,000
Investments	17	<u>2,513,481</u>	<u>100</u>
		<u>13,384,177</u>	<u>6,397,703</u>
Current assets			
Stocks	19	3,269,113	3,071,915
Debtors	20	5,543,838	5,163,007
Cash at bank and in hand		<u>1,496,592</u>	<u>5,617,524</u>
		10,309,543	13,852,446
Creditors: Amounts falling due within one year	22	<u>(5,960,404)</u>	<u>(5,353,959)</u>
Net current assets		<u>4,349,139</u>	<u>8,498,487</u>
Total assets less current liabilities		17,733,316	14,896,190
Provisions for liabilities	23	<u>(872,661)</u>	<u>(514,307)</u>
Net assets		<u>16,860,655</u>	<u>14,381,883</u>
Capital and reserves			
Called up share capital		1,120	1,120
Capital redemption reserve		500	500
Non-distributable reserve		138,387	138,387
Profit and loss account		<u>16,720,648</u>	<u>14,241,876</u>
Total equity		<u>16,860,655</u>	<u>14,381,883</u>

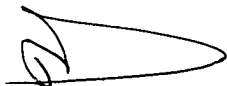
No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £2,667,080 (2022 - profit of £3,410,922).

Carron Lodge Limited

(Registration number: 03186709)

Balance Sheet as at 31 March 2023 (continued)

Approved and authorised by the Board on 15 December 2023 and signed on its behalf by:



.....
R A Rhodes

Director



.....
A S Rhodes

Company secretary and director

Carron Lodge Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		2,995,971	3,410,922
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	786,143	496,729
Changes in fair value of investment property	16	-	(184,516)
Profit on disposal of tangible assets		(10,490)	(34,781)
Finance income	8	(13,019)	(11,868)
Finance costs	9	9,836	941
Income tax expense	13	761,025	942,495
		<u>4,529,466</u>	<u>4,619,922</u>
Working capital adjustments			
Increase in stocks	19	(1,102,598)	(853,276)
Increase in trade debtors	20	(226,445)	(2,115,698)
Increase in trade creditors	22	755,584	2,481,709
Increase in deferred income, including government grants		<u>10,224</u>	<u>-</u>
Cash generated from operations		3,966,231	4,132,657
Income taxes paid	13	<u>(1,165,186)</u>	<u>(150,689)</u>
Net cash flow from operating activities		<u>2,801,045</u>	<u>3,981,968</u>
Cash flows from investing activities			
Interest received		13,019	11,868
Acquisitions of tangible assets		(5,594,984)	(730,325)
Proceeds from sale of tangible assets		16,058	83,520
Acquisition of intangible assets	14	(847,165)	-
Acquisition of investment properties	16	(588,643)	-
Reduction in business combination consideration payable for deferred tax liability		<u>3,331</u>	<u>-</u>
Net cash flows from investing activities		<u>(6,998,384)</u>	<u>(634,937)</u>
Cash flows from financing activities			
Interest paid	9	(9,836)	(941)
Proceeds from drawdowns / (repayments) of other borrowings		30,000	(12,500)
Advances to directors		(89,729)	(122,082)
Dividends paid		<u>(188,308)</u>	<u>(189,858)</u>
Net cash flows from financing activities		<u>(257,873)</u>	<u>(325,381)</u>
Net (decrease)/increase in cash and cash equivalents		(4,455,212)	3,021,650
Cash and cash equivalents at 1 April		<u>5,617,524</u>	<u>2,595,874</u>
Cash and cash equivalents at 31 March		<u>1,162,312</u>	<u>5,617,524</u>

The notes on pages 17 to 42 form an integral part of these financial statements.

Carron Lodge Limited

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

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.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2023.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

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

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 group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group 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 group'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 2023 (continued)

Other grants

Grants such as 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 group operates and generates taxable income.

Deferred tax is recognised on temporary timing 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 2023 (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 or 20% straight line basis
Motor vehicles	25% reducing balance basis or 33% straight line basis
Furniture, fittings and office equipment	20% or 33% straight line basis

Included within land and buildings are tenants 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.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group'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

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.

Intangible assets

Intellectual property rights have been recognised at cost and are depreciated over the useful economic life.

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 5 years, 8 years and 10 years
Intellectual property rights	straight line basis over 5 years
Computer software	straight line basis over 3 years

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.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

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. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

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. Trade creditors are classified as current liabilities if the group 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 group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

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.

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 group 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.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

4 Turnover

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

	2023 £	2022 £
Sale of goods	54,773,863	45,268,764
Rendering of services	<u>25,985</u>	<u>-</u>
	<u>54,799,848</u>	<u>45,268,764</u>

The analysis of turnover and pre-tax profit by business segments is not disclosed as the directors consider that such disclosure would be prejudicial to the interests of the Group.

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

	2023 £	2022 £
UK	54,099,237	45,238,521
Europe	407,130	30,243
Rest of world	<u>293,481</u>	<u>-</u>
	<u>54,799,848</u>	<u>45,268,764</u>

5 Other operating income

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

	2023 £	2022 £
Rent receivable	83,535	33,640
Ground rent receivable	3,024	2,654
Government grants receivable	-	7,171
Grants and subsidies receivable	36,718	53,301
Royalties receivable	329	411
Other income	<u>19,664</u>	<u>3,369</u>
	<u>143,270</u>	<u>100,546</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

6 Operating profit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	692,626	496,729
Amortisation expense	93,517	-
Foreign exchange losses/(gains)	62,808	(73,795)
Profit on disposal of property, plant and equipment	<u>(10,490)</u>	<u>(34,781)</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 £Nil (2022 - £7,171).

8 Other interest receivable and similar income

	2023	2022
	£	£
Other finance income	<u>13,019</u>	<u>11,868</u>

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and borrowings	<u>9,836</u>	<u>941</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

10 Staff costs

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

	2023 £	2022 £
Wages and salaries	4,358,566	3,364,059
Social security costs	390,779	294,475
Pension costs, defined contribution scheme	151,209	134,001
	<u>4,900,554</u>	<u>3,792,535</u>

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

	2023 No.	2022 No.
Production	105	67
Administration and support	28	25
Distribution	52	47
	<u>185</u>	<u>139</u>

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £	2022 £
Remuneration	18,192	17,518
Contributions paid to money purchase schemes	80,000	80,000
	<u>98,192</u>	<u>97,518</u>

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

	2023 No.	2022 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

12 Auditor's remuneration

	2023 £	2022 £
Audit of these financial statements	15,000	10,000
Other fees to auditors		
All other non-audit services	<u>24,025</u>	<u>15,544</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

13 Taxation

Tax charged/(credited) in the income statement

	2023 £	2022 £
Current taxation		
UK corporation tax	426,617	765,186
UK corporation tax adjustment to prior periods	<u>(24,301)</u>	<u>-</u>
	<u>402,316</u>	<u>765,186</u>
Deferred taxation		
Arising from origination and reversal of timing differences	358,709	53,875
Arising from changes in tax rates and laws	<u>-</u>	<u>123,434</u>
Total deferred taxation	<u>358,709</u>	<u>177,309</u>
Tax expense in the income statement	<u><u>761,025</u></u>	<u><u>942,495</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>3,756,996</u>	<u>4,353,417</u>
Corporation tax at standard rate	713,829	827,149
Effect of expense not deductible in determining taxable profit (tax loss)	5,276	360
Deferred tax expense relating to changes in tax rates or laws	86,005	123,434
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(44,085)</u>	<u>(8,448)</u>
Total tax charge	<u><u>761,025</u></u>	<u><u>942,495</u></u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2023		
Difference between accumulated depreciation and amortisation and capital allowances	-	831,809
Short term timing differences re pensions accrual	-	(1,591)
Provision on fair value adjustment of investment property	-	46,129
	<u>-</u>	<u>876,347</u>
2022		
Difference between accumulated depreciation and amortisation and capital allowances	-	469,270
Short term timing differences re pensions accrual	-	(1,092)
Provision on fair value adjustment of investment property	-	46,129
	<u>-</u>	<u>514,307</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 £170,358 (2022 - £88,264). 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%.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Company

Deferred tax assets and liabilities

	Asset £	Liability £
2023		
Difference between accumulated depreciation and amortisation and capital allowances	-	828,122
Short term timing differences re pension accrual	-	(1,591)
Provision on fair value adjustment of investment property	-	46,129
	<u>-</u>	<u>872,660</u>
	<u>-</u>	<u>872,660</u>
2022		
Difference between accumulated depreciation and amortisation and capital allowances	-	469,270
Short term timing differences re pension accrual	-	(1,092)
Provision on fair value adjustment of investment property	-	46,129
	<u>-</u>	<u>514,307</u>
	<u>-</u>	<u>514,307</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 £169,828 (2022 - £88,264).

14 Intangible assets

Group

	Goodwill £	Intellectual Property £	Total £
Cost or valuation			
At 1 April 2022	104,102	-	104,102
Additions	-	207,008	207,008
Acquired through business combinations	640,157	-	640,157
At 31 March 2023	<u>744,259</u>	<u>207,008</u>	<u>951,267</u>
Amortisation			
At 1 April 2022	104,102	-	104,102
Amortisation charge	64,016	29,501	93,517
At 31 March 2023	<u>168,118</u>	<u>29,501</u>	<u>197,619</u>
Carrying amount			
At 31 March 2023	<u>576,141</u>	<u>177,507</u>	<u>753,648</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Company

	Goodwill £	Intellectual Property £	Total £
Cost or valuation			
At 1 April 2022	104,102	-	104,102
Additions	-	207,008	207,008
At 31 March 2023	104,102	207,008	311,110
Amortisation			
At 1 April 2022	104,102	-	104,102
Amortisation charge	-	29,501	29,501
At 31 March 2023	104,102	29,501	133,603
Carrying amount			
At 31 March 2023	-	177,507	177,507

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

15 Tangible assets

Group

	Land and buildings £	Plant and equipment £	Motor vehicles £	Furniture, fittings and office equipment £	Total £
Cost or valuation					
At 1 April 2022	4,308,257	3,041,529	1,763,197	-	9,112,983
Additions	3,508,565	1,611,755	474,146	518	5,594,984
Disposals	-	(16,257)	(7,600)	-	(23,857)
At 31 March 2023	<u>7,816,822</u>	<u>4,637,027</u>	<u>2,229,743</u>	<u>518</u>	<u>14,684,110</u>
Depreciation					
At 1 April 2022	734,860	1,983,129	1,221,391	-	3,939,380
Charge for the year	143,313	381,212	167,727	374	692,626
Eliminated on disposal	-	(11,598)	(6,691)	-	(18,289)
At 31 March 2023	<u>878,173</u>	<u>2,352,743</u>	<u>1,382,427</u>	<u>374</u>	<u>4,613,717</u>
Carrying amount					
At 31 March 2023	<u>6,938,649</u>	<u>2,284,284</u>	<u>847,316</u>	<u>144</u>	<u>10,070,393</u>
At 31 March 2022	<u>3,573,397</u>	<u>1,058,400</u>	<u>541,806</u>	<u>-</u>	<u>5,173,603</u>

Included within the net book value of land and buildings above is £5,327,483 (2022 - £1,980,932) in respect of freehold land and buildings and £1,611,166 (2022 - £1,592,465) in respect of short leasehold land and buildings.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Company

	Land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2022	4,308,257	3,041,529	1,763,197	9,112,983
Additions	2,776,208	1,605,941	468,492	4,850,641
Disposals	-	(16,257)	(7,600)	(23,857)
At 31 March 2023	<u>7,084,465</u>	<u>4,631,213</u>	<u>2,224,089</u>	<u>13,939,767</u>
Depreciation				
At 1 April 2022	734,860	1,983,129	1,221,391	3,939,380
Charge for the year	126,482	379,361	164,644	670,487
Eliminated on disposal	-	(11,598)	(6,691)	(18,289)
At 31 March 2023	<u>861,342</u>	<u>2,350,892</u>	<u>1,379,344</u>	<u>4,591,578</u>
Carrying amount				
At 31 March 2023	<u>6,223,123</u>	<u>2,280,321</u>	<u>844,745</u>	<u>9,348,189</u>
At 31 March 2022	<u>3,573,397</u>	<u>1,058,400</u>	<u>541,806</u>	<u>5,173,603</u>

Included within the net book value of land and buildings above is £4,611,957 (2022 - £1,980,932) in respect of freehold land and buildings and £1,611,166 (2022 - £1,592,465) in respect of short leasehold land and buildings.

16 Investment properties

Group

	2023 £
At 1 April	1,224,000
Additions	<u>588,643</u>
At 31 March	<u>1,812,643</u>

The investment properties have been valued at 31 March 2023 by the directors.

There has been no valuation of investment property by an independent valuer.

Company

	2023 £
At 1 April	1,224,000
Additions	<u>121,000</u>
At 31 March	<u>1,345,000</u>

The investment properties have been valued at 31 March 2023 by the directors.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

There has been no valuation of investment property by an independent valuer.

17 Investments

Company

	2023 £	2022 £
Investments in subsidiaries	<u>2,513,481</u>	<u>100</u>

Subsidiaries

Cost or valuation

At 1 April 2022	100
Additions	<u>2,513,381</u>
At 31 March 2023	<u>2,513,481</u>

Provision

Carrying amount

At 31 March 2023	<u>2,513,481</u>
At 31 March 2022	<u>100</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2023	2022
Subsidiary undertakings				
The Cheddar Gorge Cheese Company Limited	The Cliffs, Cheddar, BS27 3QA England & Wales	Ordinary £1 shares	100%	0%
Parkview Limited	Foods Park Head Farm, Carron Lodge, Inglewhite, Preston, PR3 2LN England & Wales	Ordinary £1 shares	100%	100%

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Subsidiary undertakings

The Cheddar Gorge Cheese Company Limited

The principal activity of The Cheddar Gorge Cheese Company Limited is production of cheese.

Parkview Foods Limited

The principal activity of Parkview Foods Limited is non trading.

18 Business combinations

On 6 April 2022, Carron Lodge Limited acquired 100% of the issued share capital of The Cheddar Gorge Cheese Company Limited (producer of cheese), obtaining control.

The Cheddar Gorge Cheese Company Limited contributed £1,529,037 revenue and £392,907 to the group's profit for the period between the date of acquisition and the Balance Sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair value 2023 £
Assets and liabilities acquired	
Financial assets	364,026
Stocks	495,131
Tangible assets	1,209,362
Financial liabilities	<u>(195,295)</u>
Total identifiable assets	<u>1,873,224</u>
Goodwill	<u>640,157</u>
Total consideration	<u><u>2,513,381</u></u>
Cash flow analysis:	
Cash consideration	<u><u>2,513,381</u></u>

The useful life of goodwill is 10 years.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

19 Stocks

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Raw materials	40,876	23,300	40,876	23,300
Finished goods and goods for resale	3,771,226	2,755,710	2,970,695	2,755,710
Other inventories	362,411	292,905	257,542	292,905
	<u>4,174,513</u>	<u>3,071,915</u>	<u>3,269,113</u>	<u>3,071,915</u>

20 Debtors

		Group		Company	
	Note	2023	2022	2023	2022
		£	£	£	£
Trade debtors		4,231,866	3,957,995	4,218,539	3,957,995
Other debtors		1,121,017	964,797	1,115,698	964,797
Prepayments		126,298	240,215	115,329	240,215
Corporation tax asset	13	-	-	94,272	-
		<u>5,479,181</u>	<u>5,163,007</u>	<u>5,543,838</u>	<u>5,163,007</u>

21 Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Cash on hand	9,010	2,258	4,146	2,258
Cash at bank	1,803,894	3,346,334	1,492,403	3,346,334
Short-term deposits	43	2,268,932	43	2,268,932
	<u>1,812,947</u>	<u>5,617,524</u>	<u>1,496,592</u>	<u>5,617,524</u>
Bank overdrafts	(650,635)	-	(650,635)	-
Cash and cash equivalents in statement of cash flows	<u>1,162,312</u>	<u>5,617,524</u>	<u>845,957</u>	<u>5,617,524</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

22 Creditors

	Note	Group		Company	
		2023 £	2022 £	2023 £	2022 £
Due within one year					
Loans and borrowings	27	710,636	30,001	710,636	30,001
Trade creditors		4,655,349	4,390,572	4,608,107	4,390,572
Amounts due to related parties	31	-	-	15,194	100
Social security and other taxes		110,407	66,542	102,289	66,542
Outstanding defined contribution pension costs		15,549	10,479	15,549	10,479
Other payables		303,020	7,136	303,020	7,136
Accrued expenses		229,931	83,943	205,609	83,943
Corporation tax liability	13	2,316	765,186	-	765,186
Deferred income		10,224	-	-	-
		<u>6,037,432</u>	<u>5,353,859</u>	<u>5,960,404</u>	<u>5,353,959</u>

23 Provisions for liabilities

Group

	Deferred tax £	Total £
At 1 April 2022	514,307	514,307
Increase (decrease) in existing provisions	358,709	358,709
Increase (decrease) through business combinations	3,331	3,331
At 31 March 2023	<u>876,347</u>	<u>876,347</u>

Company

	Deferred tax £	Total £
At 1 April 2022	514,307	514,307
Increase (decrease) in existing provisions	358,354	358,354
At 31 March 2023	<u>872,661</u>	<u>872,661</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

24 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £151,209 (2022 - £134,001).

Contributions totalling £15,549 (2022 - £10,479) were payable to the scheme at the end of the year and are included in creditors.

25 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	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 2023 (continued)

26 Reserves

Group & Company

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

	Non-distributable reserve £
Brought forward	138,387
Transfer	-
Other movement	-
Deferred tax	-
Carried forward	<u>138,387</u>

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.

27 Loans and borrowings

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Current loans and borrowings				
Bank overdrafts	650,635	-	650,635	-
Other borrowings	<u>60,001</u>	<u>30,001</u>	<u>60,001</u>	<u>30,001</u>
	<u>710,636</u>	<u>30,001</u>	<u>710,636</u>	<u>30,001</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Current loans and borrowings includes the following liabilities, on which security has been given by the group and company:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank overdrafts	<u>650,635</u>	<u>-</u>	<u>650,635</u>	<u>-</u>

Bank overdrafts are secured by fixed and floating charges over the group and company's assets.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

28 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	131,986	141,521
Later than one year and not later than five years	368,639	137,535
Later than five years	64,818	-
	<u>565,443</u>	<u>279,056</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £199,055 (2022 - £192,626).

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	27,540	-
Total contingent rents recognised as income in the period are £27,540 (2022 - £Nil).		

Company

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	119,986	141,521
Later than one year and not later than five years	341,639	137,535
Later than five years	64,818	-
	<u>526,443</u>	<u>279,056</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £187,055 (2022 - £192,626).

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

29 Dividends

Interim dividends paid

	2023 £	2022 £
Interim dividend of £789.00 per each 'A' Ordinary shares	94,738	94,738
Interim dividend of £94.00 (2022 - £95.00) per each 'B' Ordinary shares	46,785	47,560
Interim dividend of £94.00 (2022 - £95.00) per each 'C' Ordinary shares	46,785	47,560
	<u>188,308</u>	<u>189,858</u>

30 Analysis of changes in net debt

Group

	At 1 April 2022 £	Acquisition of subsidiaries £	Other cashflow movements £	At 31 March 2023 £
Cash and cash equivalents				
Cash	5,617,524	(2,513,381)	(1,291,196)	1,812,947
Overdrafts	-	-	(650,635)	(650,635)
	<u>5,617,524</u>	<u>(2,513,381)</u>	<u>(1,941,831)</u>	<u>1,162,312</u>
Borrowings				
Other borrowings	(30,001)	-	(30,000)	(60,001)
	<u>5,587,523</u>	<u>(2,513,381)</u>	<u>(1,971,831)</u>	<u>1,102,311</u>

Company

	At 1 April 2022 £	Acquisition of subsidiaries £	Other non-cash changes £	At 31 March 2023 £
Cash and cash equivalents				
Cash	5,617,524	(2,513,381)	(1,607,551)	1,496,592
Overdrafts	-	-	(650,635)	(650,635)
	<u>5,617,524</u>	<u>(2,513,381)</u>	<u>(2,258,186)</u>	<u>845,957</u>
Borrowings				
Other borrowings	(30,001)	-	(30,000)	(60,001)
	<u>5,587,523</u>	<u>(2,513,381)</u>	<u>(2,288,186)</u>	<u>785,956</u>

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

31 Related party transactions

Group

Key management personnel

The directors and senior management

Key management compensation

	2023 £	2022 £
Salaries and other short term employee benefits	33,192	32,518
Post-employment benefits	80,000	80,000
	<u>113,192</u>	<u>112,518</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.

Transactions with directors

	At 1 April 2022 £	Advances £	Repayments £	Other payments £	Dividends credited £	Interest £	At 31 March 2023 £
2023							
R A Rhodes							
Loan to director	<u>319,418</u>	<u>138,051</u>	<u>(35,431)</u>	<u>-</u>	<u>(64,154)</u>	<u>6,398</u>	<u>364,282</u>
A S Rhodes							
Loan to director	<u>319,418</u>	<u>138,051</u>	<u>(35,431)</u>	<u>-</u>	<u>(64,154)</u>	<u>6,398</u>	<u>364,282</u>
	At 1 April 2021 £	Advances £	Repayments £	Other payments £	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>-</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>-</u>	<u>(64,929)</u>	<u>5,081</u>	<u>319,418</u>

Directors' advances are repayable on demand.

Interest has been charged at a rate of 2%.

Carron Lodge Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Dividends paid to key management

	2023 £	2022 £
Interim dividends	<u>188,308</u>	<u>189,858</u>

Company

Key management compensation

	2023 £	2022 £
Salaries and other short term employee benefits	33,192	32,518
Post-employment benefits	<u>80,000</u>	<u>80,000</u>
	<u>113,192</u>	<u>112,518</u>

Income and receivables from related parties

	Key management £
2023	

Amounts receivable from related party	<u>728,565</u>
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	Key management £
2022	

Amounts receivable from related party	<u>638,836</u>
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Expenditure with and payables to related parties

	Key management £
2023	

Leases	<u>62,000</u>
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Amounts payable to related party	<u>60,001</u>
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	Key management £
2022	

Leases	<u>62,000</u>
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Amounts payable to related party	<u>30,001</u>
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32 Parent and ultimate parent undertaking

The ultimate controlling party is the directors.