

AE Rodda & Son Limited

Directors' report and financial statements

For the year ended 31 March 2010

Company registration number 03833628

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AE Rodda & Son Limited

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AE Rodda & Son Limited

Directors' report

For the year ended 31 March 2010

The directors present their report and financial statements for the year ended 31 March 2010

Principal activities and review of the business

The principal activity of the business continued to be manufacturing and wholesaling clotted cream and associated dairy products

Although there was a small increase in the company's sales, there was a small decrease in the company's gross profit

The reduction in gross profit and a modest increase in overhead expenses combined to reduce the company's profit for the year by approximately 20%

The directors consider this to be a satisfactory result given the difficult trading conditions that prevailed in the year

No dividends have been paid and therefore the company's net assets have increased by the full amount of the profit after tax for the year

As the company has now completed the latest stage of the major improvements to the creamery, the directors believe that the company's increased production capacity will enable it to take advantage of opportunities arising in the marketplace in the future

The principal risk to the company continues to be the sustainability of its luxury products in a time of economic uncertainty and increasing competition

This being so, the directors remain committed to exploring new product lines to minimise the company's risk through diversification of its product range

Results and dividends

The results for the year are set out on page 6

Directors

The following directors have held office since 1 April 2009

ET Rodda
AJ Rodda
PE Rodda
RN Morriss
JW Pengelly
AS Rodda
NL Rodda
KE Sigrist

(Appointed 1 June 2010)

AE Rodda & Son Limited

Directors' report

For the year ended 31 March 2010

Charitable donations

	2010 £	2009 £
During the year the company made the following payments		
Charitable donations	<u>3,730</u>	<u>4,380</u>

Auditors

The auditors, Robinson Reed Layton, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 proper accounting records that 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 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

AE Rodda & Son Limited

Directors' report


For the year ended 31 March 2010

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board



KE Sigrist
Director

The Creamery
Redruth
Cornwall

TR16 5BU

18 August 2010

AE Rodda & Son Limited

Independent auditors' report to the shareholders of AE Rodda & Son Limited

We have audited the financial statements of AE Rodda & Son Limited for the year ended 31 March 2010 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AE Rodda & Son Limited

Independent auditors' report to the shareholders of AE Rodda & Son Limited

Matters on which we are required to report by exception

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



Graham Boulton (Senior Statutory Auditor)
for and on behalf of Robinson Reed Layton

Chartered Accountants
Statutory Auditor

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

13 September 2010

AE Rodda & Son Limited

Profit and loss account

For the year ended 31 March 2010

	Notes	2010 £	2009 £
Turnover	2	22,779,664	22,216,505
Cost of sales		(16,719,430)	(16,107,127)
Gross profit		6,060,234	6,109,378
Distribution costs		(3,679,716)	(3,484,888)
Administrative expenses		(1,745,095)	(1,602,184)
Other operating income		263,393	201,605
Operating profit	3	898,816	1,223,911
Other interest receivable and similar income	4	485	3,050
Interest payable and similar charges	5	(20,106)	(129,404)
Profit on ordinary activities before taxation		879,195	1,097,557
Tax on profit on ordinary activities	6	(275,929)	(320,234)
Profit on ordinary activities after taxation	17	603,266	777,323

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

AE Rodda & Son Limited

Balance sheet

As at 31 March 2010

	Notes	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	8		7,106,151		7,452,339
Current assets					
Stocks	9	602,000		562,680	
Debtors	10	2,796,030		2,188,248	
Cash at bank and in hand		593,588		842,270	
		3,991,618		3,593,198	
Creditors: amounts falling due within one year	11	(3,414,344)		(3,468,303)	
Net current assets			577,274		124,895
Total assets less current liabilities			7,683,425		7,577,234
Creditors: amounts falling due after more than one year	12		(1,174,354)		(1,434,336)
Provisions for liabilities and charges	13		(350,000)		(324,000)
Accruals and deferred income	14		(1,819,527)		(2,082,620)
			4,339,544		3,736,278
Capital and reserves					
Called up share capital	16		10,000		10,000
Profit and loss account	17		4,329,544		3,726,278
Shareholders' funds	18		4,339,544		3,736,278

Approved by the Board and authorised for issue on

18/3/10

KE Sigrist
Director

AE Rodda & Son Limited

Cashflow statement

For the year ended 31 March 2010

	2010	2009
£	£	£
Net cash inflow from operating activities	859,533	2,570,748
Returns on investments and servicing of finance		
Interest received	485	3,050
Interest paid	<u>(10,231)</u>	<u>(48,264)</u>
Net cash outflow for returns on investments and servicing of finance	(9,746)	(45,214)
Taxation	(281,529)	(209,544)
Capital expenditure		
Payments to acquire tangible assets	<u>(514,740)</u>	<u>(1,711,721)</u>
Net cash outflow for capital expenditure	(514,740)	(1,711,721)
Net cash inflow before management of liquid resources and financing	53,518	604,269
Financing		
Government grant received	-	132,440
Repayment of long term bank loan	<u>(302,200)</u>	<u>(266,304)</u>
Net cash outflow from financing	(302,200)	(133,864)
(Decrease)/increase in cash in the year	<u>(248,682)</u>	<u>470,405</u>

AE Rodda & Son Limited

Notes to the cash flow statement

For the year ended 31 March 2010

1 Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	898,816	1,223,911
Depreciation of tangible assets	860,928	830,601
(Increase)/decrease in stocks	(39,320)	40,540
(Increase)/decrease in debtors	(607,782)	796,451
Increase in creditors within one year	9,984	(119,300)
Movement on grant provision	(263,093)	(201,455)
Net cash inflow from operating activities	859,533	2,570,748

2 Analysis of net debt

	1 April 2009 £	Cash flow £	Other non-cash changes £	31 March 2010 £
Net cash				
Cash at bank and in hand	842,270	(248,682)	-	593,588
Debt				
Debts falling due within one year	(301,957)	302,200	(259,982)	(259,739)
Debts falling due after one year	(1,434,336)	-	259,982	(1,174,354)
	(1,736,293)	302,200	-	(1,434,093)
Net debt	(894,023)	53,518	-	(840,505)

3 Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
(Decrease)/increase in cash in the year	(248,682)	470,405
Cash outflow from decrease in debt	302,200	266,304
Movement in net debt in the year	53,518	736,709
Opening net debt	(894,023)	(1,630,732)
Closing net debt	(840,505)	(894,023)

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Turnover

Turnover represents revenue recognised in the accounts. Revenue is recognised when the company fulfils its contractual obligations to customers by supplying goods and services and excludes value added tax

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	10% to 15% per annum
Plant and machinery	15% to 33 1/3% per annum on net book value and 7% to 15% per annum on cost less estimated residual value
Motor vehicles	33 1/3% per annum

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Stock is valued at the lower of cost and net realisable value

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

Non UK sales amounted to 0.08% of turnover (2009: 0.06%)

3 Operating profit

	2010 £	2009 £
Operating profit is stated after charging		
Depreciation of tangible assets	860,928	830,601
Operating lease rentals		
- Plant and machinery	87,727	127,122
- Other assets	60,000	60,000
Auditors' remuneration	10,500	9,750
and after crediting		
Government grants	263,093	201,455

4 Other interest receivable and similar income

	2010 £	2009 £
Bank interest	477	3,024
Other interest	8	26
	485	3,050

5 Interest payable

	2010 £	2009 £
On bank loans and overdrafts	-	2,136
On other loans wholly repayable within 5 years	10,231	46,128
On debenture loans	9,875	81,140
	20,106	129,404

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

6 Taxation

	2010 £	2009 £
Domestic current year tax		
U K corporation tax	250,000	281,600
Adjustment for prior years	(71)	(10,366)
Current tax charge	249,929	271,234
Deferred tax		
Deferred tax charge/credit current year	26,000	49,000
	275,929	320,234
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	879,195	1,097,557
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.92% (2009 27.19%)	236,679	298,426
Effects of		
Non deductible expenses	1,795	2,999
Depreciation	231,762	225,840
Capital allowances	(161,484)	(191,195)
Adjustments to previous periods	(71)	(10,366)
Other tax adjustments	(58,752)	(54,470)
	13,249	(27,192)
Current tax charge	249,929	271,234

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2009 & at 31 March 2010	900,000
Amortisation	
At 1 April 2009 & at 31 March 2010	900,000
Net book value	
At 31 March 2010	-
At 31 March 2009	-

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

8 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2009	4,427,582	5,450,511	19,841	9,897,934
Additions	206,903	307,837	-	514,740
Disposals	-	-	(19,841)	(19,841)
At 31 March 2010	4,634,485	5,758,348	-	10,392,833
Depreciation				
At 1 April 2009	1,040,743	1,385,011	19,841	2,445,595
On disposals	-	-	(19,841)	(19,841)
Charge for the year	313,462	547,466	-	860,928
At 31 March 2010	1,354,205	1,932,477	-	3,286,682
Net book value				
At 31 March 2010	3,280,280	3,825,871	-	7,106,151
At 31 March 2009	3,386,839	4,065,500	-	7,452,339

9 Stocks

	2010 £	2009 £
Raw materials and consumables	38,000	35,230
Finished goods and goods for resale	564,000	527,450
	602,000	562,680

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

10 Debtors

	2010 £	2009 £
Trade debtors	2,446,489	2,001,321
Other debtors	148,487	172,347
Prepayments and accrued income	201,054	14,580
	<u>2,796,030</u>	<u>2,188,248</u>

11 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	259,739	301,957
Trade creditors	2,396,172	2,278,383
Corporation tax	250,000	281,600
Other taxes and social security costs	285,680	150,285
Other creditors	-	40,000
Accruals and deferred income	222,753	416,078
	<u>3,414,344</u>	<u>3,468,303</u>

The bank borrowings are secured by a charge over the company's assets

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

12 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Debenture loans	900,000	900,000
Bank loans (see note 11)	274,354	534,336
	<u>1,174,354</u>	<u>1,434,336</u>
<i>Analysis of loans</i>		
Not wholly repayable within five years by instalments	900,000	900,000
Wholly repayable within five years	534,093	836,293
	<u>1,434,093</u>	<u>1,736,293</u>
Included in current liabilities	(259,739)	(301,957)
	<u>1,174,354</u>	<u>1,434,336</u>
<i>Loan maturity analysis</i>		
In more than one year but not more than two years	274,354	265,595
In more than two years but not more than five years	-	268,741
In more than five years	900,000	900,000
	<u>900,000</u>	<u>900,000</u>

The debenture loans carry interest at a rate of 2% over the bank base rate per annum. They carry no fixed repayment terms and are secured by a mortgage over leasehold property and by a floating charge over the company's other assets and undertakings.

The bank loans carry interest at a rate of 1% above the bank base rate per annum.

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

13 Provisions for liabilities

	Deferred tax liability £
Balance at 1 April 2009	324,000
Profit and loss account	26,000
	<hr/>
Balance at 31 March 2010	350,000
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	350,000	324,000
	<hr/>	<hr/>

14 Accruals and deferred income

	Government grants £
Balance at 1 April 2009	2,082,620
Released to the profit and loss account in the year	(263,093)
	<hr/>
Balance at 31 March 2010	1,819,527
	<hr/> <hr/>

15 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Defined contribution

	2010 £	2009 £
Contributions made payable by the company for the year	21,560	16,104
	<hr/>	<hr/>

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

16 Share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
10,000 Ordinary Share of £1 each	<u>10,000</u>	<u>10,000</u>

17 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2009	3,726,278
Retained profit for the year	603,266
Balance at 31 March 2010	<u>4,329,544</u>

18 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	603,266	777,323
Opening shareholders' funds	<u>3,736,278</u>	<u>2,958,955</u>
Closing shareholders' funds	<u>4,339,544</u>	<u>3,736,278</u>

19 Financial commitments

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
Expiry date		
Within one year	<u>48,000</u>	<u>48,000</u>

On 1st April 2002 the company entered into a contract to purchase a fixed regular quantity of milk at a fixed price. The contract does not have a termination date but can be varied by mutual agreement following at least one months notice.

If the parties cannot mutually agree to a change in the terms of contract, it can be terminated by giving two months notice in writing.

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

20 Capital commitments

	2010 £	2009 £
At 31 March 2010 the company had capital commitments as follows		
Contracted for but not provided in the financial statements	<u>139,806</u>	<u>46,800</u>

21 Directors' emoluments

	2010 £	2009 £
Emoluments for qualifying services	247,422	239,310
Company pension contributions to money purchase schemes	<u>49,500</u>	<u>49,500</u>
	<u>296,922</u>	<u>288,810</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	<u>91,250</u>	<u>62,500</u>
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22 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2010 Number	2009 Number
Management	7	7
Administration	11	10
Production	<u>82</u>	<u>77</u>
	<u>100</u>	<u>94</u>

Employment costs

	£	£
Wages and salaries	2,093,615	1,932,286
Social security costs	210,274	159,230
Other pension costs	<u>71,060</u>	<u>65,604</u>
	<u>2,374,949</u>	<u>2,157,120</u>

AE Rodda & Son Limited

Notes

(forming part of the financial statements)

23 Related party transactions

7 directors of the company are the partners in the business AE Rodda & Son

During the year AE Rodda & Son Limited purchased services from AE Rodda & Son amounting to £2,458,000 (2009 £2,358,000) on normal commercial terms. This included rental of £60,000 per annum (2009 £60,000) for land and buildings and £48,000 (2009 £48,000) for the hire of plant and equipment. At the year end the company owed AE Rodda & Son £135,192 (2009 £958,459).

At the year end the company owed the directors' wives £900,000 (2009 £900,000). Interest of £9,875 (2009 £81,140) was charged on these loans during the year.

During the year a new partnership was formed, NDF Leth LLP, of which the company and seven directors are partners. During the year, the company purchased assets at a cost of £592,456 on behalf of this partnership. At the year end, the company was owed £592,456 by NDF Leth LLP.