

**A E Rodda & Son Limited**  
**Annual Report and Financial Statements**  
**Year Ended 31 March 2022**

**Registration number: 03833628**

# A E Rodda & Son Limited

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# **A E Rodda & Son Limited**

## **Company Information**

**Directors** J W Pengelly  
P E Rodda  
N L Rodda  
A J Rodda  
R N Morriss  
N A Kennedy  
P J B O'Keeffe  
T M Dennett  
S D P Daykin  
T A Bell  
S A Cobbledick

**Company secretary** F L Finch

**Registered office** The Creamery  
Scorrier  
Redruth  
Cornwall  
TR16 5BU

**Auditors** PKF Francis Clark  
Statutory Auditor  
Lowin House  
Tregolls Road  
Truro  
Cornwall  
TR1 2NA

# **A E Rodda & Son Limited**

## **Strategic Report for the Year Ended 31 March 2022**

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

### **Principal activity**

The principal activity of the company is the manufacturing and wholesale of Cornish clotted cream, liquid cream, bottled milk and other dairy products. As part of our activity we generate and sell considerable volumes of skimmed milk to various manufacturers.

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

The Board are in a position to report the operating profit before exceptional costs and other operating income is £1.8m, comparing to the prior year of £2.3m. Previous year's investments and strategies have continued to deliver efficiencies, but the ending of fixed term utility contracts exposed the business to high open market pricing. Consequently, we experienced considerable inflation in energy, commodity pricing, packaging and transport and most significantly, the continued strengthening in ex-farm milk pricing, significantly increasing the cost of goods sold. A strong demand for skim milk continued, the majority of the volumes now being sold directly to ingredient end users and this will continue to be our focus.

Due to the increase in cost of sales the gross profit declined from 28.3% to 25.3% in the last year.

The company has been cash generative for the year, with cash generated from operating activities of £0.2m (2021: £2.5m). This was after an intercompany loan payment of £2.3m, so a credible performance considering the inflation impact for part of the year on the supply chain, energy, labour and milk.

Rodda's is built on the heartfelt belief that our people are the foundation of our success and we would like to acknowledge and thank them for their support and dedication over the last year. As with many businesses in the UK, and particularly pertinent here in Cornwall, there have been considerable hurdles to overcome regarding the retention and recruitment of staff. This has hampered our growth plans, both physically within the creamery and in terms of revenue.

The pandemic still had a significant effect on business operations, we continued to experience prolonged absences due to Covid infections and self-isolations. The well invested Rodda's brand and our committed staff undoubtedly stood us in good stead, minimising any 'significant' business interruption. Investment and focus on both people and brand continued throughout the year and we are particularly proud to have achieved 'B Corp' accreditation. We see B Corp as an excellent framework which endorses and encapsulates our ethos, and we look forward to the future journey with a new network of friends and driving improvements over the coming years.

We continued our investment in the Rodda's brand, with our main campaigns in 2021/22 taking place across the summer, autumn, and spring. During the summer months we invested in a strong radio campaign, along with an out of home advertising campaign in Cornwall, which launched during the week of the G7 World Summit that was hosted in Cornwall.

We continued to encourage our audience to purchase our clotted cream for more occasions, outside of the summer, with celebrity chef partnership, PR outreach, national and regional magazine advertising and social media advertising. We also supported the brand campaign within the retail estate with shopper marketing investment and on pack activity.

# **A E Rodda & Son Limited**

## **Strategic Report for the Year Ended 31 March 2022**

### **Commercial relationships**

We continued to nurture and develop the working relationships with our customers (even managing some face to face!!) aligning our customer goals with our own plans to maximise key events for both parties. We are thankful for the support as we manage price inflation across our markets.

### **Essential ingredients**

The creamery is reliant on the supply of one key raw material, Cornish milk. Our milk is sourced from local farms to the creamery and most definitely all within the county. The Directors believe the ongoing working relationship with the milk suppliers, our great farmers who are the Rodda's Direct Supply Group, gives the business the opportunity to align both parties' requirements for mutual success. The business was very well supported by the milk suppliers throughout the pandemic period. Our milk volume was augmented by being able to buy in additional supplies of Cornish milk to meet the needs of the business. We launched an on-farm program (with our selected partner Kite) for Carbon and on-farm good practice. This will be a rolling annual program.

### **Product quality**

As the brand continues to strengthen with both customers and consumers, it is fundamentally reliant on the quality of our products and service levels to meet their expectations. In the year we committed to two significant business information system projects which will be developed in 2022/23. The creamery site continues to hold its accreditation to BRC Global Standard for Food Safety and other individual customer accreditations as well.

### **People**

The Executive team has been further strengthened with the key appointment of Sue Cobbledick, assuming the post of Brand & Marketing Director. Sue has over 20 years of excellent commercial experience in blue chip businesses and brings a fresh approach and a new dynamic.

Our vision and desire is to evolve and shape the balanced scorecard in 2022/23, which continues to be the measure of our business.

### **Environment**

Rodda's gained yards on its environmental journey during 2021/22 by taking positive steps to ensure we continue to meet our objectives. We have a rolling 'Rodda's Environmental Policy'. Rodda's is dedicated to reducing energy consumption with several large projects ongoing, we have installed phase one of our PV panels, and phase two will be delivered in 2022/23.

Further carbon reductions were delivered with a switch to liquid nitrogen from CO2. This project was timely and avoided any business disruption due to CO2 shortages in the year. We are pleased that Chris Hinds is now the Chair of our Environmental team, and we look forward to his expertise, wisdom and practical experience.

# **A E Rodda & Son Limited**

## **Strategic Report for the Year Ended 31 March 2022**

### **Working capital**

The company has a relatively short working capital cycle due to the short shelf life of both the raw material and the finished goods produced.

The company finances its operations through a combination of retained profits and debenture loans from connected parties, along with purchasing a percentage of fixed assets on finance leases so as to match cash outflow with the utilisation of the assets. In addition, the company has various other financial assets and liabilities such as trade debtors and creditors arising directly from its operations.

The company is dealing with a number of major retailers and food service companies which is reflected in our trade debtor balance. The credit risk associated with our trade debtor balance is limited because a large proportion of customers are large corporations with high credit ratings. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtor balances are monitored on an ongoing basis and provisions are made for doubtful debts when necessary.

Given the company's improved cash reserves, the decision was taken to cease its invoice discounting facility during the year to 31 March 2022.

### **Summary**

2021/22 was different to the previous pandemic year and yielded new barriers to negotiate. Rodda's delivered a credible performance given the constraints on labour and significant inflation experienced. Recovery of inflation on raw materials, transport, utilities and packaging has been tough and time consuming, taking our focus off growth opportunities.

It was a satisfactory trading year with the Board fully cognisant of the difficulties ahead, commercial, political and social to be addressed in 2022/23.

As a business we are fully supportive of increased pricing to help our Farmers. As milk is our primary ingredient this will impact profits in 2022/23. At the time of writing, ex farm milk prices appear to continue to break records each month, likewise for our overheads. This will put the focus clearly on inflationary cost recovery, and also raises some concern on general consumer spending and shopping habits.

Approved by the Board on 16 August 2022 and signed on its behalf by:

.....

N L Rodda

Director

# **A E Rodda & Son Limited**

## **Directors' Report for the Year Ended 31 March 2022**

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

### **Directors of the company**

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

J W Pengelly

P E Rodda

N L Rodda

A J Rodda

R N Morriss

N A Kennedy

P J B O'Keeffe

T M Dennett

S D P Daykin

T A Bell

S A Cobbledick (appointed 21 February 2022)

### **Disclosure of information to the auditors**

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

Approved by the Board on 16 August 2022 and signed on its behalf by:

.....

N L Rodda

Director

## **A E Rodda & Son Limited**

### **Statement of Directors' Responsibilities**

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **A E Rodda & Son Limited**

## **Independent Auditor's Report to the Members of A E Rodda & Son Limited**

### **Opinion**

We have audited the financial statements of A E Rodda & Son Limited (the 'company') for the year ended 31 March 2022, which comprise the Profit and Loss Account and Statement of Retained Earnings, Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

# **A E Rodda & Son Limited**

## **Independent Auditor's Report to the Members of A E Rodda & Son Limited**

We have nothing to report in this regard.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

## **A E Rodda & Son Limited**

### **Independent Auditor's Report to the Members of A E Rodda & Son Limited**

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company at the planning stage of the audit. Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Secondly, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the company's ability to operate. In making this assessment we determined that the most significant elements of legislation include food standards, employment laws and regulations, GDPR and health and safety legislation.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Considering the filings made at Companies House, and any omissions thereon of which there were none identified.
- Reviewing BRC Global Standard for Food Safety ratings in the year to 31 March 2022 with no issues to note.
- Discussing with management compliance with health and safety legislation, and Environment Agency rules and regulations.
- Review of the company's GDPR policy and enquiries to the Data Protection Officer as to the occurrence and outcome of any reportable breaches.
- Reviewed company expenditure for any evidence of dispute or litigation with regulators, and there was none.
- Reviewed Board minutes.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale for significant transactions outside the normal course of business, of which there were none.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

# A E Rodda & Son Limited

## Independent Auditor's Report to the Members of A E Rodda & Son Limited

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale for significant transactions outside the normal course of business, of which there were none.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

### **Use of our report**

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

.....  
Michael Bentley ACA DChA (Senior Statutory Auditor)

PKF Francis Clark, Statutory Auditor

Lowin House

Tregolls Road  
Truro  
Cornwall  
TR1 2NA

23 August 2022

## A E Rodda & Son Limited

### Profit and Loss Account and Statement of Retained Earnings

Year Ended 31 March 2022

	Note	2022 £ 000	2021 £ 000
Turnover	<u>3</u>	41,307	37,879
Cost of sales		<u>(30,846)</u>	<u>(27,177)</u>
Gross profit		10,461	10,702
Distribution costs		(5,658)	(5,040)
Administrative expenses		<u>(3,011)</u>	<u>(3,328)</u>
		1,792	2,334
Exceptional costs associated with restructuring	<u>6</u>	-	(225)
Other operating income	<u>4</u>	<u>11</u>	<u>50</u>
Operating profit	<u>5</u>	1,803	2,159
Other exceptional item	<u>6</u>	-	10
Interest payable and similar charges	<u>9</u>	<u>(37)</u>	<u>(8)</u>
Profit before tax		1,766	2,161
Taxation	<u>10</u>	<u>(412)</u>	<u>(418)</u>
Profit for the financial year		1,354	1,743
Retained earnings brought forward		<u>5,586</u>	<u>3,843</u>
Retained earnings carried forward		<u>6,940</u>	<u>5,586</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

# **A E Rodda & Son Limited**

## **Statement of Comprehensive Income**

**Year Ended 31 March 2022**

	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Profit for the year	1,354	1,743
Total comprehensive income for the year	1,354	1,743

# A E Rodda & Son Limited

## Balance Sheet

31 March 2022

	Note	2022 £ 000	2021 £ 000
<b>Fixed assets</b>			
Intangible assets	<u>11</u>	44	53
Tangible assets	<u>12</u>	3,946	3,626
		<u>3,990</u>	<u>3,679</u>
<b>Current assets</b>			
Stocks	<u>13</u>	1,516	2,111
Debtors	<u>14</u>	5,533	4,643
Cash at bank and in hand		<u>2,125</u>	<u>3,214</u>
		9,174	9,968
<b>Creditors: Amounts falling due within one year</b>	<u>16</u>	<u>(5,086)</u>	<u>(4,617)</u>
<b>Net current assets</b>		<u>4,088</u>	<u>5,351</u>
<b>Total assets less current liabilities</b>		8,078	9,030
<b>Creditors: Amounts falling due after more than one year</b>	<u>16</u>	<u>(700)</u>	<u>(3,168)</u>
<b>Deferred income</b>		-	(11)
<b>Deferred tax provision</b>	<u>20</u>	<u>(428)</u>	<u>(255)</u>
<b>Net assets</b>		<u>6,950</u>	<u>5,596</u>
<b>Capital and reserves</b>			
Called up share capital		10	10
Profit and loss account		<u>6,940</u>	<u>5,586</u>
Shareholders' funds		<u>6,950</u>	<u>5,596</u>

Approved and authorised by the Board on 16 August 2022 and signed on its behalf by:

.....  
N L Rodda  
Director

Company Registration Number: 03833628



# A E Rodda & Son Limited

## Statement of Cash Flows

Year Ended 31 March 2022

	Note	2022 £ 000	2021 £ 000
<b>Cash flows from operating activities</b>			
Profit for the year		1,354	1,743
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	451	512
Other exceptional items		-	215
Loss on disposal of tangible assets		41	36
Finance costs	<u>9</u>	37	8
Taxation	<u>10</u>	412	418
		2,295	2,932
Working capital adjustments			
Decrease/(increase) in stocks	<u>13</u>	595	(188)
Increase in debtors	<u>14</u>	(890)	(646)
(Decrease)/increase in creditors	<u>16</u>	(1,438)	786
Decrease in deferred income, including government grants	<u>19</u>	(11)	(50)
<b>Cash generated from operations</b>		551	2,834
Corporation tax paid	<u>10</u>	(400)	(354)
<b>Net cash flow from operating activities</b>		151	2,480
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets	<u>12</u>	(801)	(438)
Proceeds from sale of tangible assets		2	-
Acquisition of intangible assets	<u>11</u>	(4)	(14)
<b>Net cash flows from investing activities</b>		(803)	(452)
<b>Cash flows from financing activities</b>			
Interest paid	<u>9</u>	(37)	(8)
Payments to finance lease creditors	<u>17</u>	(200)	(265)
Payments to debenture holders		(200)	-
<b>Net cash flows from financing activities</b>		(437)	(273)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,089)	1,755
Cash and cash equivalents at 1 April	<u>15</u>	3,214	1,459
Cash and cash equivalents at 31 March	<u>15</u>	2,125	3,214

# **A E Rodda & Son Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2022**

### **1 General information**

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

The address of its registered office and principal place of business is:

The Creamery  
Scorrier  
Redruth  
Cornwall  
TR16 5BU

These financial statements were authorised for issue by the Board on 16 August 2022.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Statement of compliance**

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

#### **Basis of preparation**

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

The functional currency of the company is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates.

#### **Summary of disclosure exemptions**

FRS102 allows a qualifying entity certain disclosure exemptions, which are subject to certain conditions being adhered to. The company has therefore taken advantage of the following exemptions:

- From the financial instrument disclosures, required under FRS102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as the information is provided in the consolidated financial statement disclosures;
- From disclosing the company key management personnel compensation, as required by FRS102 paragraph 33.7.
- From disclosing transactions and balances with other wholly owned members of the group as per FRS102 paragraph 33.1.

# **A E Rodda & Son Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 March 2022**

#### **Revenue recognition**

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

The Company recognises revenue when; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; specific criteria have been met for each of the Company's activities.

#### **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 historic cost in a foreign currency are not translated.

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

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. 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.

#### **Intangible assets**

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

# A E Rodda & Son Limited

## Notes to the Financial Statements

### Year Ended 31 March 2022

#### 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:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Computer software	Over 5 to 10 years straight line basis

#### 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.

#### 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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	Over 25 years straight line basis
Plant and machinery	Between 5 to 25 years straight line basis
Motor vehicles	Over 5 years straight line basis

#### 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.

#### 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 stocks 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.

#### Leases

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.

# **A E Rodda & Son Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2022**

### **Share capital**

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

### **Defined contribution pension obligation**

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

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

# A E Rodda & Son Limited

## Notes to the Financial Statements

### Year Ended 31 March 2022

#### Financial instruments

##### **Classification**

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

All financial instruments are classified as basic.

##### **Recognition and measurement**

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments. Where the arrangement constitutes a financing transaction the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities, including trade and other payables are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments. Where the item constitutes a financing transaction the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are assessed for indicators of impairment at each reporting end date.

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

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

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 3 Turnover

During the year 2.0% of the company's turnover related to exports (2021 - 0.8%).  
An analysis of turnover by geographical location is given below:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
UK	40,472	37,582
Europe	442	4
Rest of world	393	293
	<u>41,307</u>	<u>37,879</u>

### 4 Other operating income

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

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Government grants	<u>11</u>	<u>50</u>

### 5 Operating profit

Arrived at after charging

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation expense	438	455
Amortisation expense	13	57
Auditor's remuneration	10	13
Operating lease expense - other	148	60
Loss on disposal of property, plant and equipment	<u>41</u>	<u>36</u>

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 6 Exceptional item

Items which are material either because of their size or their nature, or which are non-recurring, are presented within their relevant income statement category. The separate reporting of exceptional items helps provide a clear picture of the company's underlying performance.

An analysis of the amount presented as an exceptional item in these financial statements is given below and is in respect of:

	2022	2021
Exceptional items before operating profit	£ 000	£ 000
Exceptional impairment of fixed assets	-	225
Exceptional items after operating profit	£ 000	£ 000
Recovery of amounts previously provided for from a related company	-	(10)

### 7 Staff costs

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

	2022	2021
	£ 000	£ 000
Wages and salaries	4,865	4,362
Social security costs	438	382
Pension costs, defined contribution scheme	148	160
	5,451	4,904



# A E Rodda & Son Limited

## Notes to the Financial Statements

### Year Ended 31 March 2022

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Production	129	112
Administration and support	26	24
Other departments	24	25
	<u>179</u>	<u>161</u>

### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	660	547
Contributions paid to money purchase schemes	40	73
	<u>700</u>	<u>620</u>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>3</u>

In respect of the highest paid director:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	141	81
Company contributions to money purchase pension schemes	10	-
	<u>151</u>	<u>81</u>

### 9 Interest payable and similar expenses

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Finance charges	14	32
Other interest payable	23	(24)
	<u>37</u>	<u>8</u>

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 10 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £ 000	2021 £ 000
<b>Current taxation</b>		
UK corporation tax	228	448
UK corporation tax adjustment to prior periods	11	(14)
	<u>239</u>	<u>434</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	173	(16)
	<u>412</u>	<u>418</u>
Tax expense in the income statement		

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

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>1,766</u>	<u>2,161</u>
Corporation tax at standard rate	335	411
Effect of expense not deductible in determining taxable profit (tax loss)	17	17
UK deferred tax expense (credit) relating to changes in tax rates or laws	93	-
Effect of adjustments made to the prior period	-	(10)
Tax increase (decrease) from effect of capital allowances and depreciation	<u>(33)</u>	<u>-</u>
Total tax charge	<u>412</u>	<u>418</u>

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### Deferred tax

Deferred tax assets and liabilities

	Liability £ 000
<b>2022</b>	
Difference between accumulated depreciation and amortisation and capital allowances	509
Other timing differences	(81)
	<u>428</u>
	<u><u>428</u></u>
<b>2021</b>	
	Liability £ 000
Difference between accumulated depreciation and amortisation and capital allowances	284
Other timing differences	(29)
	<u>255</u>
	<u><u>255</u></u>

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 11 Intangible assets

	Computer software £ 000	Total £ 000
<b>Cost or valuation</b>		
At 1 April 2021	267	267
Additions acquired separately	4	4
Disposals	-	-
	<hr/>	<hr/>
At 31 March 2022	271	271
<b>Amortisation</b>		
At 1 April 2021	214	214
Amortisation charge	13	13
	<hr/>	<hr/>
At 31 March 2022	227	227
<b>Carrying amount</b>		
At 31 March 2022	<hr/> <hr/> 44	<hr/> <hr/> 44
At 31 March 2021	<hr/> <hr/> 53	<hr/> <hr/> 53

During the year A E Rodda & Son Limited transferred the intellectual property rights being; trade marks, copyright works, know how, domain names, website and social media platforms, to the parent company, A E Rodda & Son Group Limited. The intellectual property rights were internally generated and there was no historical cost in A E Rodda & Son Limited.

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 12 Tangible assets

	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Motor vehicles £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 April 2021	4,856	7,974	49	12,879
Additions	-	801	-	801
Disposals	-	(48)	-	(48)
At 31 March 2022	4,856	8,727	49	13,632
<b>Depreciation</b>				
At 1 April 2021	3,930	5,281	42	9,253
Charge for the year	68	369	1	438
Eliminated on disposal	-	(5)	-	(5)
At 31 March 2022	3,998	5,645	43	9,686
<b>Carrying amount</b>				
At 31 March 2022	858	3,082	6	3,946
At 31 March 2021	926	2,693	7	3,626

Included within the net book value of land and buildings above is £858,000 (2021 - £926,000) in respect of short leasehold land and buildings.

### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2022 £ 000	2021 £ 000
Plant and machinery	-	820

Depreciation for the year on these assets was £nil (2021 - £70,000).

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 13 Stocks

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Raw materials	119	131
Packaging	320	276
Finished goods	1,039	1,673
Other inventories	38	31
	<u>1,516</u>	<u>2,111</u>

### 14 Debtors

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade debtors	5,112	4,220
Other debtors	304	282
Prepayments	117	141
	<u>5,533</u>	<u>4,643</u>

Included in trade debtors is £nil (2021 - £3,643,000) of debt which is secured under an invoice discounting arrangement. The company ceased its invoice discounting facility during the year to 31 March 2022.

### 15 Cash and cash equivalents

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash on hand	1	-
Cash at bank	2,124	3,214
	<u>2,125</u>	<u>3,214</u>

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 16 Creditors

	Note	2022 £ 000	2021 £ 000
<b>Due within one year</b>			
Loans and borrowings	<u>17</u>	2	203
Trade creditors		3,008	2,223
Amounts due to related parties	<u>24</u>	870	766
Corporation tax liability	<u>10</u>	86	246
Social security and other taxes		117	107
Outstanding defined contribution pension costs		-	24
Other creditors		9	-
Accrued expenses		994	1,048
		<u>5,086</u>	<u>4,617</u>
<b>Due after one year</b>			
Debentures	<u>24</u>	700	900
Amounts due to related parties		-	2,268
		<u>700</u>	<u>3,168</u>

# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 17 Loans and borrowings

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

	2022 £ 000	2021 £ 000
<b>Current loans and borrowings</b>		
Hire purchase contracts	2	203

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 debentures were issued on 31 March 2001 to relatives of some Directors and the Directors consider the debentures to be part of the long term funding of the company.

The bank overdraft is secured by a charge over the company's assets.

Amounts due under hire purchase contracts are secured against the underlying assets.

Group guarantee in favour of the bank from A E Rodda & Son Group Limited and A E Rodda & Son Limited guaranteeing the obligations of each other to the bank.

During the year A E Rodda & Son Limited ceased its invoice discounting facility.

### 18 Obligations under leases and hire purchase contracts

#### Finance leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	2	203

### 19 Deferred income

	2022 £ 000	2021 £ 000
<b>Deferred income</b>		
Government grants	-	11



# A E Rodda & Son Limited

## Notes to the Financial Statements

Year Ended 31 March 2022

### 20 Deferred tax and other provisions

	Deferred tax £ 000
At 1 April 2021	255
(Decrease)/increase in existing provisions	173
At 31 March 2022	428

### 21 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £148,000 (2021 - £160,000). Contributions totalling £Nil (2021 - £24,000) were payable to the scheme at the end of the year and are included in creditors.

### 22 Share capital

#### Allotted, called up and fully paid shares

	No. 000	2022 £ 000	No. 000	2021 £ 000
Ordinary shares of £1 each	10	10	10	10

### 23 Off-balance sheet arrangements

#### Milk Volume Arrangements

The company has contracts with milk suppliers where a set notice period is required to terminate the supply arrangement. During the notice period the company is committed to procuring a certain volume of milk depending on forecasts. Due to the uncertainty regarding volumes and future milk prices a financial commitment cannot be reliably quantified.

# **A E Rodda & Son Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2022**

### **24 Related party transactions**

#### **Related Partnership**

(Certain directors of the company are partners in the partnership)

The partnership operates the distribution side of the business. During the year the company purchased services from the partnership amounting to £1,503,000 (2021 - £1,635,000). At the balance sheet date the amount due to the partnership was £498,000 (2021 - £766,000).

#### **Relatives of some Directors**

Relatives of some Directors hold debenture loans in the company. During the year interest was charged of £23,000 (2021 - interest was waived) on these debenture loans. At the balance sheet date the amount due to relatives of some Directors was £700,000 (2021 - £900,000).

The debentures were issued on 31 March 2001 and the Directors consider the debentures to be part of the long term funding of the company.

### **25 Parent and ultimate parent undertaking**

The company's immediate parent is A E Rodda & Son Group (formerly known as North Downs Farm Limited), incorporated in England and Wales.

These financial statements are available upon request from

The Creamery

Scorrier

Redruth

Cornwall

TR16 5BU

The ultimate controlling party is the directors, who own 100% of the share capital of the parent company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.