

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019  
FOR  
CASTLE DAIRIES LIMITED**

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FOR THE YEAR ENDED 31 OCTOBER 2019**

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**CASTLE DAIRIES LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**DIRECTORS:**

N I Lloyd  
J E Lloyd  
C D Jaynes

**REGISTERED OFFICE:**

36 Sir Alfred Owen Way  
Pontygwindy Industrial Estate  
Caerphilly  
CF83 3HU

**REGISTERED NUMBER:**

02028054 (England and Wales)

**AUDITORS:**

Graham Paul Limited  
(Statutory Auditor)  
Court House  
Court Road  
Bridgend  
CF31 1BE

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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The directors present their strategic report for the year ended 31 October 2019.

**REVIEW OF BUSINESS**

The principal activity of the company during the year was that of butter manufacturing, butter packing and the production of spreads.

The Directors regard 2019 results as satisfactory.

The Directors consider that the business' key performance indicators are reflected within the financial statements which are detailed below;

	£	£	£	2019	2018	2017
Turnover				35,918,782	33,150,918	23,755,575
Turnover Growth				8.4%	39.6%	5.1%
Gross Margin				9.7%	7.97%	7.7%

There remains a currency risk especially as the price of UK cream for export and imports of EU bulk butter are priced in Euros. The currency risk is transferred to others by negotiating all trades in sterling. The company engages in some stock hedging activities in order to help manage butterfat spot market volatility.

During the period the company maintained all its accreditations and approvals including BRC 'AA' grade, Soil Association and Red Tractor Licences.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The company manages these risks by financing its operations through retained profits, an ongoing program of invoice discounting supplemented by long-term bank borrowing.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the company's exposure to fluctuating interest rates, and match the repayment schedule of any external borrowings with the future cash flows expected to arise from the company's trading activities.

The company makes little use of financial instruments other than an operational bank account and use of its invoice discounting facility and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

**ON BEHALF OF THE BOARD:**

N I Lloyd - Director

2 July 2020

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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The directors present their report with the financial statements of the company for the year ended 31 October 2019.

**DIVIDENDS**

An interim dividend of 30.48p per Ordinary £1 share was paid on 31 October 2019. In addition an interim dividend of 95.24p per Ordinary £1 share was paid on 8 May 2019. The directors recommend that no final dividend be paid on these shares.

An interim dividend of 38.10p per Ordinary £1 "A" share was paid on 26 July 2019. In addition an interim dividend of 95.24p per Ordinary £1 share was paid on 23 January 2019 and 8 May 2019. The directors recommend that no final dividend be paid on these shares.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 November 2018 to the date of this report.

N I Lloyd  
J E Lloyd  
C D Jaynes

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**AUDITORS**

The auditors, Graham Paul Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

N I Lloyd - Director

2 July 2020

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CASTLE DAIRIES LIMITED

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### Opinion

We have audited the financial statements of Castle Dairies Limited (the 'company') for the year ended 31 October 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 October 2019 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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

### Opinions on other matters 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 the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CASTLE DAIRIES LIMITED**

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

In the light of the 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 or the Report of the Directors.

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 three, 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 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.

### **Auditors' 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located 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 Report of the Auditors.

### **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 a Report of the Auditors 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.

Nigel Williams BCom FCA (Senior Statutory Auditor)  
for and on behalf of Graham Paul Limited  
(Statutory Auditor)  
Court House  
Court Road  
Bridgend  
CF31 1BE

2 July 2020



STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
<b>TURNOVER</b>	3		35,918,782		33,150,918
Cost of sales			32,433,719		30,510,213
<b>GROSS PROFIT</b>			3,485,063		2,640,705
Distribution costs		764,599		479,475	
Administrative expenses		1,687,880		1,275,055	
			2,452,479		1,754,530
			1,032,584		886,175
Other operating income			30,468		30,468
<b>OPERATING PROFIT</b>	5		1,063,052		916,643
Interest receivable and similar income			535		176
			1,063,587		916,819
Interest payable and similar expenses	6		33,993		30,512
<b>PROFIT BEFORE TAXATION</b>			1,029,594		886,307
Tax on profit	7		122,876		113,520
<b>PROFIT FOR THE FINANCIAL YEAR</b>			906,718		772,787
<b>OTHER COMPREHENSIVE INCOME</b>			-		-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			906,718		772,787

The notes form part of these financial statements

**BALANCE SHEET**  
**31 OCTOBER 2019**

	Notes	2019 £	£	2018 £	£
<b>FIXED ASSETS</b>					
Intangible assets	9		8,001		7,154
Tangible assets	10		1,889,120		1,765,801
Investments	11		100		100
			<u>1,897,221</u>		<u>1,773,055</u>
<b>CURRENT ASSETS</b>					
Stocks	12	2,310,961		3,238,948	
Debtors	13	5,242,188		8,353,984	
Cash at bank and in hand		<u>367,375</u>		<u>383,874</u>	
		7,920,524		11,976,806	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>3,793,619</u>		<u>8,318,977</u>	
<b>NET CURRENT ASSETS</b>			<u>4,126,905</u>		<u>3,657,829</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,024,126		5,430,884
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(322,869)		(455,454)
<b>PROVISIONS FOR LIABILITIES</b>	19		(251,030)		(215,453)
<b>ACCRUALS AND DEFERRED INCOME</b>	20		(163,563)		(194,031)
<b>NET ASSETS</b>			<u>5,286,664</u>		<u>4,565,946</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		105,000		105,000
Share premium	22		50,000		50,000
Revaluation reserve	22		210,524		220,093
Capital redemption reserve	22		185,000		185,000
Retained earnings	22		<u>4,736,140</u>		<u>4,005,853</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>5,286,664</u>		<u>4,565,946</u>

The financial statements were approved by the Board of Directors and authorised for issue on 2 July 2020 and were signed on its behalf by:

N I Lloyd - Director

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2019

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1 November 2017</b>	105,000	3,289,497	50,000
<b>Changes in equity</b>			
Dividends	-	(66,000)	-
Total comprehensive income	-	782,356	-
<b>Balance at 31 October 2018</b>	105,000	4,005,853	50,000
<b>Changes in equity</b>			
Dividends	-	(186,000)	-
Total comprehensive income	-	916,287	-
<b>Balance at 31 October 2019</b>	105,000	4,736,140	50,000
	Revaluation reserve £	Capital redemption reserve £	Total equity £
<b>Balance at 1 November 2017</b>	229,662	185,000	3,859,159
<b>Changes in equity</b>			
Dividends	-	-	(66,000)
Total comprehensive income	(9,569)	-	772,787
<b>Balance at 31 October 2018</b>	220,093	185,000	4,565,946
<b>Changes in equity</b>			
Dividends	-	-	(186,000)
Total comprehensive income	(9,569)	-	906,718
<b>Balance at 31 October 2019</b>	210,524	185,000	5,286,664

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	745,696	483,087
Interest paid		(21,447)	(21,104)
Interest element of hire purchase payments paid		(12,546)	(9,408)
Tax paid		(106,863)	(51,484)
Net cash from operating activities		<u>604,840</u>	<u>401,091</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(3,440)	-
Purchase of tangible fixed assets		(166,627)	(122,859)
Sale of tangible fixed assets		-	9,060
Interest received		535	176
Net cash from investing activities		<u>(169,532)</u>	<u>(113,623)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(28,155)	(28,033)
Increase/(Decrease) in agreements in year		(237,652)	(205,298)
Equity dividends paid		(186,000)	(66,000)
Net cash from financing activities		<u>(451,807)</u>	<u>(299,331)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(16,499)</u>	<u>(11,863)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	383,874	395,737
<b>Cash and cash equivalents at end of year</b>	2	<u>367,375</u>	<u>383,874</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2019**
**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019	2018
	£	£
Profit before taxation	1,029,594	886,307
Depreciation charges	256,122	247,738
Loss/(profit) on disposal of fixed assets	5,279	(4,125)
Government grants	(30,468)	(30,468)
Finance costs	33,993	30,512
Finance income	(535)	(176)
	<u>1,293,985</u>	<u>1,129,788</u>
Decrease/(increase) in stocks	927,987	(567,360)
Decrease/(increase) in trade and other debtors	3,111,796	(4,246,440)
(Decrease)/increase in trade and other creditors	<u>(4,588,072)</u>	<u>4,167,099</u>
<b>Cash generated from operations</b>	<u><b>745,696</b></u>	<u><b>483,087</b></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 October 2019**

	31.10.19	1.11.18
	£	£
Cash and cash equivalents	<u>367,375</u>	<u>383,874</u>

**Year ended 31 October 2018**

	31.10.18	1.11.17
	£	£
Cash and cash equivalents	<u>383,874</u>	<u>395,737</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**1. STATUTORY INFORMATION**

Castle Dairies Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Development costs are being amortised evenly over their estimated useful life of twenty years.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, plus any costs directly attributable to bringing the asset to its working condition for intended use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	4% straight line on cost
Motor vehicles	25% straight line on cost
Operating equipment	10% & 25% straight line on cost
Office equipment (including computers)	25% straight line on cost

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost comprises expenditure incurred in the normal course of business in bringing stocks to their present location and condition. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

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**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2019

## 2. ACCOUNTING POLICIES - continued

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Government grants**

Government grants are recognised in the profit and loss account over the expected useful economic lives of the fixed assets to which they relate.

## 3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	35,874,341	33,091,526
Europe	44,441	59,392
	<u>35,918,782</u>	<u>33,150,918</u>

## 4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	1,911,703	1,472,407
Social security costs	153,715	117,745
Other pension costs	76,570	41,071
	<u>2,141,988</u>	<u>1,631,223</u>

The average number of employees during the year was as follows:

	2019	2018
Administration	19	13
Production	56	44
	<u>75</u>	<u>57</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2019

## 4. EMPLOYEES AND DIRECTORS - continued

	2019 £	2018 £
Directors' remuneration	157,400	129,917
Directors' pension contributions to money purchase schemes	<u>42,600</u>	<u>24,600</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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## 5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Hire of plant and machinery	38,204	32,518
Other operating leases	25,844	32,104
Depreciation - owned assets	273,828	253,982
Loss/(profit) on disposal of fixed assets	5,279	(4,125)
Patents and licences amortisation	300	300
Development costs amortisation	2,293	1,708
Audit fees	10,600	8,025
Auditors' remuneration for non audit work	5,135	3,309
Foreign exchange differences	<u>8,583</u>	<u>1,332</u>

## 6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest	21,447	21,104
Hire purchase	<u>12,546</u>	<u>9,408</u>
	<u>33,993</u>	<u>30,512</u>

## 7. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	87,299	106,839
Deferred tax	<u>35,577</u>	<u>6,681</u>
Tax on profit	<u>122,876</u>	<u>113,520</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**
**7. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>1,029,594</u>	<u>886,307</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	195,623	168,398
Effects of:		
Expenses not deductible for tax purposes	1,477	1,479
Income not taxable for tax purposes	-	(784)
Capital allowances in excess of depreciation	(33,681)	(376)
Deferred tax movement	35,577	6,681
Asbestos tax relief	(3,364)	-
Research & development enhanced deduction	<u>(72,756)</u>	<u>(61,878)</u>
Total tax charge	<u>122,876</u>	<u>113,520</u>

**8. DIVIDENDS**

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	<u>186,000</u>	<u>66,000</u>

**9. INTANGIBLE FIXED ASSETS**

	Patents and licences £	Development costs £	Totals £
<b>COST</b>			
At 1 November 2018	2,915	8,594	11,509
Additions	-	3,440	3,440
At 31 October 2019	<u>2,915</u>	<u>12,034</u>	<u>14,949</u>
<b>AMORTISATION</b>			
At 1 November 2018	626	3,729	4,355
Amortisation for year	300	2,293	2,593
At 31 October 2019	<u>926</u>	<u>6,022</u>	<u>6,948</u>
<b>NET BOOK VALUE</b>			
At 31 October 2019	<u>1,989</u>	<u>6,012</u>	<u>8,001</u>
At 31 October 2018	<u>2,289</u>	<u>4,865</u>	<u>7,154</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2019

## 10. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 November 2018	798,783	2,210,231	125,346	3,134,360
Additions	12,453	339,433	47,617	399,503
Disposals	-	(25,203)	-	(25,203)
At 31 October 2019	<u>811,236</u>	<u>2,524,461</u>	<u>172,963</u>	<u>3,508,660</u>
<b>DEPRECIATION</b>				
At 1 November 2018	206,734	1,064,186	97,639	1,368,559
Charge for year	33,017	226,204	14,607	273,828
Eliminated on disposal	-	(22,847)	-	(22,847)
At 31 October 2019	<u>239,751</u>	<u>1,267,543</u>	<u>112,246</u>	<u>1,619,540</u>
<b>NET BOOK VALUE</b>				
At 31 October 2019	<u>571,485</u>	<u>1,256,918</u>	<u>60,717</u>	<u>1,889,120</u>
At 31 October 2018	<u>592,049</u>	<u>1,146,045</u>	<u>27,707</u>	<u>1,765,801</u>

At 31 October 2019 the directors are not aware of any material change in value of the freehold land and buildings and therefore the valuation has not been updated. The freehold buildings were last revalued on 31 October 2018 by Cooke & Arkwright Chartered Surveyors on a fair value basis. The surveyors are qualified members of the Royal Institute of Chartered Surveyors.

Included in the above are assets held under finance lease agreements. The net book values of the assets was £551,328 (2018 - £639,837). The depreciation charge for the year was £87,566 (2018 - £98,848).

## 11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 November 2018 and 31 October 2019	<u>100</u>
<b>NET BOOK VALUE</b>	
At 31 October 2019	<u>100</u>
At 31 October 2018	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2019

## 11. FIXED ASSET INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**The Softer Butter Co. Limited**

Registered office: The Softer Butter Co. Limited, Pontygwindy Road, Caerphilly, United Kingdom, CF83 3HU

Nature of business: Dormant company

Class of shares:	% holding	2019 £	2018 £
Ordinary	100.00	<u>100</u>	<u>100</u>
Aggregate capital and reserves			

## 12. STOCKS

	2019 £	2018 £
Raw materials	845,923	1,234,979
Finished goods	<u>1,465,038</u>	<u>2,003,969</u>
	<u>2,310,961</u>	<u>3,238,948</u>

## 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	4,412,316	8,219,195
Other debtors	711,095	-
VAT	61,419	65,075
Prepayments	<u>57,358</u>	<u>69,714</u>
	<u>5,242,188</u>	<u>8,353,984</u>

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank loans and overdrafts (see note 16)	24,852	26,424
Other loans (see note 16)	-	2,202,683
Hire purchase contracts (see note 17)	312,233	226,351
Trade creditors	2,661,063	5,380,688
Tax	87,300	106,864
Social security and other taxes	59,795	33,655
Other creditors	355	12,258
Accrued expenses	<u>648,021</u>	<u>330,054</u>
	<u>3,793,619</u>	<u>8,318,977</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2019

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Bank loans (see note 16)	180,212	199,669
Hire purchase contracts (see note 17)	142,657	255,785
	<u>322,869</u>	<u>455,454</u>

## 16. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Bank loans	24,852	26,424
Other loans	-	2,202,683
	<u>24,852</u>	<u>2,229,107</u>

Amounts falling due between one and two years:

Bank loans - 1-2 years	<u>18,218</u>	<u>16,979</u>
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Amounts falling due between two and five years:

Bank loans - 2-5 years	<u>54,654</u>	<u>50,937</u>
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Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	<u>107,340</u>	<u>131,753</u>

## 17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 2019 £	2018 £
Net obligations repayable:		
Within one year	312,233	226,351
Between one and five years	142,657	255,785
	<u>454,890</u>	<u>482,136</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2019

## 17. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	43,346	25,494
Between one and five years	56,001	28,594
	<u>99,347</u>	<u>54,088</u>

## 18. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank loans	205,064	226,093
Hire purchase contracts	454,890	482,136
	<u>659,954</u>	<u>708,229</u>

The bank loan is secured by:-

A mortgage debenture creating a fixed and floating charge over the assets of the company. A first legal charge over the Castle Dairies Limited site at 36 Sir Alfred Owen Way, Pontygwindy Industrial Estate, Caerphilly and its associated assets.

Interest is charged on the bank loan at the base rate plus 2%.

Obligations under hire purchase contracts are secured on the assets to which they relate.

## 19. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax		
Accelerated capital allowances	<u>251,030</u>	<u>215,453</u>
		Deferred tax
		£
Balance at 1 November 2018		215,453
Charge to Statement of Comprehensive Income during year		<u>35,577</u>
Balance at 31 October 2019		<u>251,030</u>

## 20. ACCRUALS AND DEFERRED INCOME

	2019	2018
	£	£
Deferred government grants	<u>163,563</u>	<u>194,031</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2019

## 21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
52,500	Ordinary	£1	52,500	52,500
52,500	Ordinary A	£1	52,500	52,500
			<u>105,000</u>	<u>105,000</u>

## 22. RESERVES

	Retained earnings £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 November 2018	4,005,853	50,000	220,093	185,000	4,460,946
Profit for the year	906,718				906,718
Dividends	(186,000)				(186,000)
Transfers	9,569	-	(9,569)	-	-
At 31 October 2019	<u>4,736,140</u>	<u>50,000</u>	<u>210,524</u>	<u>185,000</u>	<u>5,181,664</u>

## 23. PENSION COMMITMENTS

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. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Pension costs amounted to £73,038 (2018 - £41,071).

Unpaid contributions outstanding at 31 October 2019 amounted to £6,651 (2018 - £3,829).

## 24. RELATED PARTY DISCLOSURES

The company is controlled by its directors JE and NI Lloyd.

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.