

**Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 31 May 2022
for
Radnor Hills Mineral Water Company Ltd**

Caerwyn Jones
Chartered Accountants and Statutory Auditor
Emstrey House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

**Contents of the Financial Statements
for the year ended 31 May 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	16

Radnor Hills Mineral Water Company Ltd

**Company Information
for the year ended 31 May 2022**

DIRECTORS:

W W Watkins
J G Rogers-Coltman
Mrs P S Butler
Mrs J L Watkins

REGISTERED OFFICE:

Heartsease
Knighton
Powys
LD7 1LU

REGISTERED NUMBER:

03258542 (England and Wales)

AUDITORS:

Caerwyn Jones
Chartered Accountants and Statutory Auditor
Emstrey House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

BANKERS:

Barclays Bank Plc
44-46 Castle Street
Shrewsbury
Shropshire
SY1 2BU

**Strategic Report
for the year ended 31 May 2022**

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

REVIEW OF BUSINESS

The company's principal activity is the manufacture and wholesaling of mineral water and soft drink products together with hotel management.

The directors report on a successful year driven by growth of Radnor branded products reaching new channels in retail, led largely by our popular Radnor Splash range. Sales to foodservice, always a leading sector for our brands, have continued to be strong with pleasing growth throughout the sector. This has partly been due to the bounce back of the economy post-Covid, as well as the development of good supply relationships with multiple retailers. At the year end we were pleased to announce sales of £58.27 million and a resultant growth in net profit of £4.76 million from the previous financial year.

This year the company resumed planned capital projects which were put on hold during Covid including the installation of a new glass filling line and pasteurizer increasing filling speeds and capacity for our glass products, alongside other investments designed to improve capacity and profitability. The company's environmental plant continues to be expanded to reduce the effect we have on our environment.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks which may affect the longer term performance of the Company continue to be assessed by the Directors and mitigated where necessary, enabling Directors to minimise the threat of movements in the economy due to uncontrollable outside forces.

Constantly rising costs in packaging and ingredients have forced the business to further develop their automation plans, continue to drive efficiencies, and where possible to reformulate in order to mitigate cost increases.

Staff support, training and development remain key to the business as does careful focused recruitment and the appointment of a Senior Leadership Team continue to strengthen the future of the business and protect the jobs of a loyal and valuable workforce.

The Company continues to prepare for the Deposit Return Scheme implementation in Scotland due to come into effect from April 2023.

SECTION 172(1) STATEMENT

The directors believe they have effectively implemented their duties under section 172 (1) of the Companies Act 2006. Long term strategy is continuously assessed and amended to deliver long term success to the business and its stakeholders.

The company continues to demonstrate commitment to maintenance of excellent reputation and high standards. Selection of contractors to deliver best value, reduced carbon footprint and awareness of environmental impact of all work undertaken, continues to be a priority for the business.

The importance of all the Companies stakeholders, employees, suppliers and customers in delivering the company strategy, maintaining sustainability is recognised by the Directors and they are involved in every decision process. The directors believe that all members of the company are treated fairly.

**Strategic Report
for the year ended 31 May 2022**

ENGAGEMENT WITH EMPLOYEES

The Company consults with employees on matters which may affect their interests, this is done through one-to-one meetings, group briefings, multi-departmental cascade briefs and employee forums as well as newsletters and reports. Group buy-in of the Company's vision, mission, values, economic factors and performance are vital to the success of the Company.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The company considers it good practice to nurture close communication with major customers and suppliers at all times forging better working relationships, understanding and collaboration and this has resulted in excellent pay back during the early months of the Covid Pandemic. The directors and company pride themselves on customer service levels above and beyond our competitors and believe this is a reason for the continuing strength, longevity and loyalty of customer and supplier relationships.

Supplier agreement terms are set prior to orders being placed, suppliers are vetted and audited and chosen for their ethics, quality and sustainability. Supplier payments are made in accordance with agreed terms, promptly and on time.

ON BEHALF OF THE BOARD:

W W Watkins - Director

23 February 2023

**Report of the Directors
for the year ended 31 May 2022**

The directors present their report with the financial statements of the company for the year ended 31 May 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and wholesaling of mineral water and soft drink products together with hotel management.

DIVIDENDS

The total distribution of dividends for the year ended 31st May 2022 will be £Nil (2021 £9,853,847).

FUTURE DEVELOPMENTS

The company has continued to invest extensively after the year end in both plant and site facilities. This ensures the company is able to continue to meet demand.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2021 to the date of this report.

W W Watkins
J G Rogers-Coltman
Mrs P S Butler
Mrs J L Watkins

FINANCIAL INSTRUMENTS

The exposure to financial risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

DONATIONS

During the year the company made non political donations of £4,350.

STREAMLINED ENERGY AND CARBON REPORTING

In accordance with SECR requirements, this provides a summary of GHG emissions and energy data for Radnor Hills Mineral Water Company Limited during the reporting year 1st June 2021 to 31st May 2022.

Element	2021/22 (tCO2e)	2020/21 (tCO2e)
Direct emissions (Scope 1) - LPG, refrigerant gases and company car fuel	2,562	1,895
Indirect emissions (Scope 2) - from purchased electricity	2,054	2,167
Total (tCO2e) Scope 1 & 2		
Gross total emissions	4,616	4,062
Carbon offsetting purchased	-	660
Net total emissions	4,616	3,402
Intensity Metric		
Intensity Metric (Gross Emissions) Kg of CO2e per 1000 litres produced	31	35

**Report of the Directors
for the year ended 31 May 2022**

DISCLOSURE IN THE STRATEGIC REPORT

The directors have chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013, to set out in the company's strategic report, information required by schedule 7 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008.

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;
- 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 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

W W Watkins - Director

23 February 2023

**Report of the Independent Auditors to the Members of
Radnor Hills Mineral Water Company Ltd**

Opinion

We have audited the financial statements of Radnor Hills Mineral Water Company Ltd (the 'company') for the year ended 31 May 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 May 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 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

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

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

**Report of the Independent Auditors to the Members of
Radnor Hills Mineral Water Company Ltd**

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.

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 five, 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.

**Report of the Independent Auditors to the Members of
Radnor Hills Mineral Water Company Ltd**

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud.

Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities, and skills to identify or recognize non-compliance with applicable laws and regulations; and
- we identified the laws and regulations applicable to the company through discussion with directors and other senior management, and from our commercial knowledge and experience of the manufacturing and wholesale sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection and employment; and
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected, and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation.
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

**Report of the Independent Auditors to the Members of
Radnor Hills Mineral Water Company Ltd**

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

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. 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.

I A Painter (Senior Statutory Auditor)
for and on behalf of Caerwyn Jones
Chartered Accountants and Statutory Auditor
Emstrey House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

23 February 2023

**Statement of Comprehensive
Income
for the year ended 31 May 2022**

	Notes	2022 £	2021 £
REVENUE	3	58,267,666	41,427,093
Cost of sales		<u>45,400,961</u>	<u>33,713,057</u>
GROSS PROFIT		12,866,705	7,714,036
Administrative expenses		<u>3,779,313</u>	<u>4,639,661</u>
		9,087,392	3,074,375
Other operating income	4	<u>26,596</u>	<u>595,626</u>
OPERATING PROFIT	6	9,113,988	3,670,001
Interest receivable and similar income		<u>17,687</u>	<u>6,139</u>
		9,131,675	3,676,140
Interest payable and similar expenses	8	<u>-</u>	<u>44,372</u>
PROFIT BEFORE TAXATION		9,131,675	3,631,768
Tax on profit	9	<u>1,196,528</u>	<u>457,318</u>
PROFIT FOR THE FINANCIAL YEAR		7,935,147	3,174,450
OTHER COMPREHENSIVE INCOME		-	(125,278)
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	(125,278)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>7,935,147</u>	<u>3,049,172</u>

The notes form part of these financial statements

Statement of Financial Position
31 May 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	11		94,856		63,897
Property, plant and equipment	12		8,196,328		7,250,795
Investments	13		250		250
			<u>8,291,434</u>		<u>7,314,942</u>
CURRENT ASSETS					
Inventories	14	4,406,904		2,805,206	
Debtors	15	15,612,817		10,044,841	
Cash at bank and in hand		<u>12,135,534</u>		<u>9,664,369</u>	
		32,155,255		22,514,416	
CREDITORS					
Amounts falling due within one year	16	<u>9,739,576</u>		<u>7,519,217</u>	
NET CURRENT ASSETS			<u>22,415,679</u>		<u>14,995,199</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>30,707,113</u>		<u>22,310,141</u>
CREDITORS					
Amounts falling due after more than one year	17		(77,563)		-
PROVISIONS FOR LIABILITIES	19		<u>(652,816)</u>		<u>(268,554)</u>
NET ASSETS			<u>29,976,734</u>		<u>22,041,587</u>
CAPITAL AND RESERVES					
Called up share capital	20		85		85
Retained earnings	21		<u>29,976,649</u>		<u>22,041,502</u>
SHAREHOLDERS' FUNDS			<u>29,976,734</u>		<u>22,041,587</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 February 2023 and were signed on its behalf by:

W W Watkins - Director

**Statement of Changes in Equity
for the year ended 31 May 2022**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 June 2020	85	28,361,804	125,278	28,487,167
Changes in equity				
Dividends	-	(9,494,752)	-	(9,494,752)
Total comprehensive income	-	3,174,450	(125,278)	3,049,172
Balance at 31 May 2021	85	22,041,502	-	22,041,587
Changes in equity				
Total comprehensive income	-	7,935,147	-	7,935,147
Balance at 31 May 2022	85	29,976,649	-	29,976,734

The notes form part of these financial statements

**Statement of Cash Flows
for the year ended 31 May 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	7,680,267	3,980,893
Interest paid		-	(44,202)
Interest element of hire purchase payments paid		-	(170)
Government grants		56,424	591,996
Reversal of depreciation		-	(246)
Tax paid		(852,019)	(601,966)
Net cash from operating activities		<u>6,884,672</u>	<u>3,926,305</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(46,285)	-
Purchase of tangible fixed assets		(3,011,218)	(2,246,803)
Purchase of fixed asset investments		-	(250)
Sale of tangible fixed assets		23,274	7,782,245
Interest received		17,687	6,139
Net cash from investing activities		<u>(3,016,542)</u>	<u>5,541,331</u>
Cash flows from financing activities			
Loan repayments in year		-	(750,000)
Government grants		(47,526)	-
Loans to related parties		(1,206,828)	(17,739)
Capital repayments in year		54,824	(10,820)
Amount introduced by directors		712,956	804,266
Amount withdrawn by directors		(910,391)	(611,780)
Equity dividends paid		-	(9,494,752)
Net cash from financing activities		<u>(1,396,965)</u>	<u>(10,080,825)</u>
Increase/(decrease) in cash and cash equivalents		<u>2,471,165</u>	<u>(613,189)</u>
Cash and cash equivalents at beginning of year	2	9,664,369	10,277,558
Cash and cash equivalents at end of year	2	<u>12,135,534</u>	<u>9,664,369</u>

The notes form part of these financial statements

**Notes to the Statement of Cash Flows
for the year ended 31 May 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	9,131,675	3,631,768
Depreciation charges	2,057,737	1,993,549
Government grants	(8,898)	(591,997)
Finance costs	-	44,372
Finance income	(17,687)	(6,139)
	<u>11,162,827</u>	<u>5,071,553</u>
(Increase)/decrease in inventories	(1,601,698)	49,280
Increase in trade and other debtors	(4,321,395)	(3,916,911)
Increase in trade and other creditors	<u>2,440,533</u>	<u>2,776,971</u>
Cash generated from operations	<u><u>7,680,267</u></u>	<u><u>3,980,893</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 May 2022

	31.5.22	1.6.21
	£	£
Cash and cash equivalents	<u>12,135,534</u>	<u>9,664,369</u>

Year ended 31 May 2021

	31.5.21	1.6.20
	£	£
Cash and cash equivalents	<u>9,664,369</u>	<u>10,277,558</u>

**Notes to the Statement of Cash Flows
for the year ended 31 May 2022**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.6.21 £	Cash flow £	At 31.5.22 £
Net cash			
Cash at bank and in hand	9,664,369	2,471,165	12,135,534
	<u>9,664,369</u>	<u>2,471,165</u>	<u>12,135,534</u>
Debt			
Finance leases	(8,055)	(54,824)	(62,879)
	<u>(8,055)</u>	<u>(54,824)</u>	<u>(62,879)</u>
Total	<u>9,656,314</u>	<u>2,416,341</u>	<u>12,072,655</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 May 2022**

1. STATUTORY INFORMATION

Radnor Hills Mineral Water Company Ltd 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 as modified by the revaluation of certain assets.

Turnover

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

Intangible assets

Amortisation is calculated to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Debenture	-	written off in equal annual instalments over its estimated useful economic life
Computer software	-	written off in equal annual instalments over its estimated useful economic life

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible fixed assets

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

Long leasehold	-	20% on reducing balance
Plant and machinery	-	25% on cost and 25% on reducing balance
Fixtures and fittings	-	33% on cost and 20% on reducing balance
Motor vehicles	-	25% on cost
The Lion fixtures and fittings	-	25% on reducing balance

Stocks

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Notes to the Financial Statements - continued
for the year ended 31 May 2022**

2. ACCOUNTING POLICIES - continued

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 statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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

A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs are recognised as income in the period in which it is receivable.

Grants receivable towards the cost of an asset are recognised as income over the course of the asset life.

**Notes to the Financial Statements - continued
for the year ended 31 May 2022**

3. REVENUE

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

An analysis of revenue by class of business is given below:

	2022	2021
	£	£
Sale of goods	58,267,666	41,427,093
	<u>58,267,666</u>	<u>41,427,093</u>

An analysis of revenue by geographical market is given below:

	2022	2021
	£	£
United Kingdom	58,247,377	40,946,440
Europe	20,289	480,653
	<u>58,267,666</u>	<u>41,427,093</u>

4. OTHER OPERATING INCOME

	2022	2021
	£	£
Rents received	1,560	3,629
Insurance claim receivable	12,500	-
Tetra marketing support	3,638	-
Government grants	8,898	591,997
	<u>26,596</u>	<u>595,626</u>

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	8,051,244	6,410,109
Social security costs	624,024	460,088
Other pension costs	258,846	262,624
	<u>8,934,114</u>	<u>7,132,821</u>

**Notes to the Financial Statements - continued
for the year ended 31 May 2022**

5. EMPLOYEES AND DIRECTORS - continued

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

	2022	2021
Administration	42	41
Production	156	126
Hotel administration	49	27
	<u>247</u>	<u>194</u>

	2022 £	2021 £
Directors' remuneration including benefits	168,117	102,503
Directors' pension contributions to money purchase schemes	<u>71,144</u>	<u>54,591</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2022 £	2021 £
Hire of plant and machinery	344,023	262,040
Other operating leases	611,753	535,768
Depreciation - owned assets	2,042,411	1,978,463
Other amortisation	<u>15,326</u>	<u>14,839</u>

7. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	21,410	18,145
Other services	<u>12,485</u>	<u>8,520</u>
	<u>33,895</u>	<u>26,665</u>

Notes to the Financial Statements - continued
for the year ended 31 May 2022

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank loan interest	-	44,202
Hire purchase interest	-	170
	<u>-</u>	<u>44,372</u>

9. TAXATION

Analysis of the tax charge

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	1,012,447	754,619
Adjustments in respect of previous periods	<u>(200,181)</u>	<u>(151,422)</u>
Total current tax	812,266	603,197
Deferred tax	<u>384,262</u>	<u>(145,879)</u>
Tax on profit	<u>1,196,528</u>	<u>457,318</u>

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:

	2022	2021
	£	£
Profit before tax	<u>9,131,675</u>	<u>3,631,768</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,735,018	690,036
Effects of:		
Expenses not deductible for tax purposes	(167,682)	168,168
Capital allowances in excess of depreciation	(151,129)	(247,554)
Utilisation of tax losses	(19,498)	(1,910)
Adjustments to tax charge in respect of previous periods	(200,181)	(151,422)
Total tax charge	<u>1,196,528</u>	<u>457,318</u>

Tax effects relating to effects of other comprehensive income

Notes to the Financial Statements - continued
for the year ended 31 May 2022

9. TAXATION - continued

	Gross £	2021 Tax £	Net £
Reversal of revaluation reserve	<u>(125,278)</u>	<u>-</u>	<u>(125,278)</u>

10. DIVIDENDS

	2022 £	2021 £
Ordinary shares of £1 each Interim	<u>-</u>	<u>9,494,752</u>

11. INTANGIBLE FIXED ASSETS

	Other £
COST	
At 1 June 2021	137,065
Additions	<u>46,285</u>
At 31 May 2022	<u>183,350</u>
AMORTISATION	
At 1 June 2021	73,168
Amortisation for year	<u>15,326</u>
At 31 May 2022	<u>88,494</u>
NET BOOK VALUE	
At 31 May 2022	<u>94,856</u>
At 31 May 2021	<u>63,897</u>

Notes to the Financial Statements - continued
for the year ended 31 May 2022

12. PROPERTY, PLANT AND EQUIPMENT

	Long leasehold £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION			
At 1 June 2021	675,473	21,466,117	367,501
Additions	-	2,775,674	141,420
Disposals	-	(77,774)	-
At 31 May 2022	675,473	24,164,017	508,921
DEPRECIATION			
At 1 June 2021	631,344	14,534,093	287,922
Charge for year	8,821	1,927,188	35,990
Eliminated on disposal	-	(74,712)	-
At 31 May 2022	640,165	16,386,569	323,912
NET BOOK VALUE			
At 31 May 2022	35,308	7,777,448	185,009
At 31 May 2021	44,129	6,932,024	79,579

	Motor vehicles £	The Lion fixtures and fittings £	Totals £
COST OR VALUATION			
At 1 June 2021	375,833	243,249	23,128,173
Additions	71,723	22,401	3,011,218
Disposals	(37,700)	(14,028)	(129,502)
At 31 May 2022	409,856	251,622	26,009,889
DEPRECIATION			
At 1 June 2021	206,255	217,764	15,877,378
Charge for year	61,773	8,639	2,042,411
Eliminated on disposal	(19,329)	(12,187)	(106,228)
At 31 May 2022	248,699	214,216	17,813,561
NET BOOK VALUE			
At 31 May 2022	161,157	37,406	8,196,328
At 31 May 2021	169,578	25,485	7,250,795

Notes to the Financial Statements - continued
for the year ended 31 May 2022

12. PROPERTY, PLANT AND EQUIPMENT - continued

Cost or valuation at 31 May 2022 is represented by:

	Long leasehold £	Plant and machinery £	Fixtures and fittings £
Valuation in 2018	656,241	17,791,980	298,487
Valuation in 2019	-	1,279,126	11,452
Valuation in 2020	5,920	636,882	58,532
Valuation in 2021	13,312	1,758,129	(970)
Valuation in 2022	-	2,697,900	141,420
	<u>675,473</u>	<u>24,164,017</u>	<u>508,921</u>

	Motor vehicles £	The Lion fixtures and fittings £	Totals £
Valuation in 2018	132,056	228,379	19,107,143
Valuation in 2019	114,682	-	1,405,260
Valuation in 2020	98,185	13,194	812,713
Valuation in 2021	30,910	1,676	1,803,057
Valuation in 2022	34,023	8,373	2,881,716
	<u>409,856</u>	<u>251,622</u>	<u>26,009,889</u>

Included within the carrying value of tangible assets are the following amounts related to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 May 2022	<u>99,109</u>
At 31 May 2021	<u>39,023</u>

Notes to the Financial Statements - continued
for the year ended 31 May 2022

13. **FIXED ASSET INVESTMENTS**

	Unlisted investments £
COST	
At 1 June 2021 and 31 May 2022	<u>250</u>
NET BOOK VALUE	
At 31 May 2022	<u>250</u>
At 31 May 2021	<u>250</u>

14. **INVENTORIES**

	2022 £	2021 £
Livestock	134,357	83,620
Raw materials	3,186,967	1,808,500
Work-in-progress	-	963
Stocks	<u>1,085,580</u>	<u>912,123</u>
	<u>4,406,904</u>	<u>2,805,206</u>

15. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade debtors	12,256,010	9,013,687
Amounts owed by group undertakings	1,224,567	17,739
Other debtors	1,477,767	526,171
Tax	307,064	267,311
Prepayments and accrued income	<u>347,409</u>	<u>219,933</u>
	<u>15,612,817</u>	<u>10,044,841</u>

Notes to the Financial Statements - continued
for the year ended 31 May 2022

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Hire purchase contracts (see note 18)	20,960	8,055
Trade creditors	8,232,048	5,998,754
Social security and other taxes	193,630	116,060
VAT	569,888	619,760
Other creditors	359,516	332,055
Directors' loan accounts	1,565	199,000
Accruals and deferred income	350,087	245,533
Deferred government grants	11,882	-
	<u>9,739,576</u>	<u>7,519,217</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Hire purchase contracts (see note 18)	41,919	-
Deferred government grants	35,644	-
	<u>77,563</u>	<u>-</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	20,960	8,055
Between one and five years	41,919	-
	<u>62,879</u>	<u>8,055</u>
	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	10,303	4,420
Between one and five years	278,325	364,965
	<u>288,628</u>	<u>369,385</u>

Notes to the Financial Statements - continued
for the year ended 31 May 2022

19. **PROVISIONS FOR LIABILITIES**

	2022	2021
	£	£
Deferred tax		
Accelerated capital allowances	<u>652,816</u>	<u>268,554</u>
		Deferred tax
		£
Balance at 1 June 2021		268,554
Provided during year		<u>384,262</u>
Balance at 31 May 2022		<u>652,816</u>

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£	£
85	Ordinary	£1	<u>85</u>	<u>85</u>

21. **RESERVES**

Profit and loss account
This reserve records retained earning and accumulated losses.

22. **ULTIMATE PARENT COMPANY**

Radnor Hills Holdings Limited is regarded by the directors as being the company's ultimate parent company.

The registered office of Radnor Hills Holdings Limited is Heartsease, Knighton, Powys, Wales, LD7 1LU.

The group accounts of Radnor Hills Holdings Limited are publicly available from Companies House.

23. **OTHER FINANCIAL COMMITMENTS**

Radnor Hills Mineral Water Company Limited has entered into the following licence agreement for certain of its offices, land and facilities for the period 1st June 2021 to 31st May 2023.

	2023	£
Financial commitment		<u>500,000</u>

**Notes to the Financial Statements - continued
for the year ended 31 May 2022**

24. RELATED PARTY DISCLOSURES

Goods and services amounting to £1,080,000 (2021 £956,000) were paid by the company and received by Mr W W Watkins, a director of the company. At the year end there were no balances outstanding (2021 £Nil).

During the year goods and services amounting to £143,433 (2021 £277,133) were paid by the company to J Watkins & Son. Mr W W Watkins, a director of Radnor Hills Mineral Water Company Limited, is also a partner in J Watkins & Son.

Included in creditors falling due within one year are amounts totalling £1,565 (2021 £199,000) which are due to the directors of the company. During the year no interest was paid on the outstanding balance.

During the year ended 31st May 2018 the company loaned £375,000 to J Watkins & Son. This is an interest free loan and at the year end £375,000 remained outstanding.

During the year the company advanced £50,000 to Kamiph Investments Limited, a company whose directors are connected by relationship with Mr W W Watkins. This is an interest free loan. During the year an £880,000 loan previously written off was reinstated in the year to 31st May 2022. At the year end the amount due to Radnor Hills Mineral Water Limited amounted to £930,000.

During the year the company loaned Radnor Hills Holdings Limited, the parent company, £1,206,828 (2021 £17,739). No interest was paid on this loan and the amount outstanding at 31st May 2022 amounted to £1,224,567 (2021 £17,739).

During the year dividends amounting to Nil (2021 £9,494,752) were paid to Radnor Hills Holdings Limited.

25. ULTIMATE CONTROLLING PARTY

The controlling party is W W Watkins.

The ultimate controlling party is W W Watkins by virtue of having ownership of 100% of the issued share capital in Radnor Hills Holdings Limited.

26. GOVERNMENT GRANTS

	2021 £	2021 £
At start of period	-	-
Grants received or receivable	56,424	591,997
Released to the income statement	(8,898)	(591,997)
At end of period	<u>(47,526)</u>	<u>-</u>

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.