

R S COCKERILL (YORK) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 JUNE 2020

Company Registration No. 00598050 (England and Wales)



R S COCKERILL (YORK) LTD

COMPANY INFORMATION

Directors	Mr M R Cockerill Mrs P A Cockerill Mr M J Dangerfield Mr R Pilgrim Mr N J Trood	(Appointed 31 October 2019)
Company number	00598050	
Registered office	Providence Business Park Stamford Bridge Road Dunnington York YO19 5AE	
Auditor	Hunter Gee Holroyd Club Chambers Museum Street York YO1 7DN	
Bankers	Barclays Bank Plc 1 2 and 3 Parliament Street York YO1 1XD	

R S COCKERILL (YORK) LTD

STRATEGIC REPORT

FOR THE 52 WEEKS ENDED 27 JUNE 2020

The directors present the strategic report for the 52 weeks ended 27 June 2020.

Fair review of the business

The company's principal activities are the supply of potatoes to retail and to processing customers. In addition, value is created through related activities including the supply of seed potatoes, storage, washing and grading, transport and technical services to suppliers and to other UK potato producers.

Following an exceptionally strong performance in 2019 the company continued to trade well and profitability with a good result for the year to 27th June 2020.

The retail division saw tonnage increase by 17.7% to 70,780 tonne packed. This increase in volume marginally followed through into turnover, improving by 8.7% to £27.4m. Increases in the cost of raw materials of circa 8.4% has resulted in a net improvement in gross profit of £894k, this been 9% up on the previous year. Direct operating costs increased by £560k (9.3%), which represented a good performance against the 17.7% increase in tonnage. The Direct overheads also increased £238k on the previous year, again mainly as a result of the increased costs associated with the continued investment in equipment. This development has been defined as the Packhouse Regeneration Project and involves circa £3.5m invested in updating the packing equipment, supported by £850k grant funding. Overall the department contributed £1.8m, an increase of 5% (£84k) on the previous year.

The processing division saw sales increase by 14%, and raw material costs increase by 14.4%. This resulted in a net gain of 10.4% (£133k) in gross margin. Stable other revenue and costs supporting the increased turnover enabled the gains in gross margin to feed through to give a net contribution of £513k, an increase of £205k on the previous year.

The haulage division saw an increase in turnover by 4.4% (£119k). Direct costs of the operation increased by 2.4% (£64k) giving an overall improvement of £56k.

Overall the combination of the activities of the divisions provided a healthy operating profit. Improved volumes across all areas of the business together with the continued due diligence by the management and ongoing negotiations within the potato supply chain enabled the gains to be realised into the net operating profit which increased by £924k to £2.153m.

The on-going commitment to the development of the operational systems with regard costs and quality is providing a solid base on which the company expect to enhance volumes and product offerings going forward.

Covid-19

The Covid-19 pandemic which resulted in lockdown restrictions in the UK from March 2020 had many effects on the business both from a trading position and an employee welfare concern. The initial lockdown resulted in unprecedented demand from our retail customers, without notice or prior planning. This surge in demand was satisfied through exceptional management and a strong procurement base. On the down side the food service customers struggled with the restricted markets they were able to operate within. Overall the company's trade and profitability remained at a level forecasted pre pandemic.

From the commencement of the pandemic the company has adhered to strong and diligent procedures to monitor and restrict the spread of the virus, through adherence to Government Health and Safety guidance. The health and wellbeing of the staff has been and remains of the utmost priority. Where possible staff have been instructed to work from home with very limited numbers accessing the office areas.

The ability to continue the business and the strong balance sheet has resulted in there been little requirement for government funding available.

R S COCKERILL (YORK) LTD

STRATEGIC REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

Principal risks and uncertainties

Retail Potato Supply

The UK retail market for fresh potatoes is mature and continued concentration of the UK retail industry has put pressure on many of our retail and wholesale customers and created intense price competition. To address this trend we have focussed on supplying the growing discount retail sector where high unit volumes allow us to reduce our costs.

Processing Potato Supply

Our activities are focussed on managing the supply of potatoes to a large crisp manufacturer. Our quality management and diversified approach to supplier contracting has minimised the risk and strengthened our relationships with both the growers and processors.

Development and performance

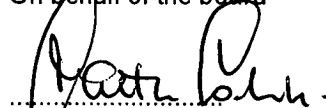
The results for the 52 weeks and the financial position at the 52 weeks end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Key performance indicators

The directors consider the following to be the key performance indicators in measuring the success of the company:

Period end	27 June 2020	29 June 2019	30 June 2018
Turnover	£49,389,375	£44,728,200	£46,006,453
Turnover growth	10.4%	-2.7%	-6.1%
Gross profit margin	16.8%	16.3%	20.9%
Profit before tax	£2,153,319	£1,260,418	£2,589,162

On behalf of the board



Mr M R Cockerill

Director

Date: 24.5.21

R S COCKERILL (YORK) LTD

DIRECTORS' REPORT

FOR THE 52 WEEKS ENDED 27 JUNE 2020

The directors present their annual report and financial statements for the 52 weeks ended 27 June 2020.

Principal activities

The principal activity of the company continued to be that of potato marketing and logistics.

Results and dividends

The results for the 52 weeks are set out on page 7.

Ordinary interim dividends were paid amounting to £800,000. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the 52 weeks and up to the date of signature of the financial statements were as follows:

Mr M R Cockerill

Mrs P A Cockerill

Mr C J Ingle

(Resigned 8 April 2021)

Mr M J Dangerfield

Mr R Pilgrim

Mr N J Trood

(Appointed 31 October 2019)

Financial instruments

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and loans to the company. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations. Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments is shown below.

Trade and other debtors:

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding.

Cash and cash equivalents:

In respect of bank balances liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the potential use of overdrafts at floating rates of interest.

Interest-bearing loans and borrowings:

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing. Interest rates on the loans are variable but the repayments are fixed. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade creditors:

The liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Auditor

The auditor, Hunter Gee Holroyd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

R S COCKERILL (YORK) LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

Statement of directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

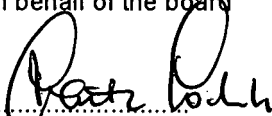
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
Mr M R Cockerill
Director

Date: 24.5.21

R S COCKERILL (YORK) LTD
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF R S COCKERILL (YORK) LTD

Opinion

We have audited the financial statements of R S Cockerill (York) Ltd (the 'company') for the 52 weeks ended 27 June 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 FRS 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 27 June 2020 and of its profit for the 52 weeks 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

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 our audit:

- the information given in the strategic report and the directors' report for the financial 52 weeks for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

R S COCKERILL (YORK) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF R S COCKERILL (YORK) LTD

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 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 directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

Nigel Everard (Senior Statutory Auditor)
For and on behalf of Hunter Gee Holroyd

26 May 2021

Chartered Accountants
Statutory Auditor

Club Chambers
Museum Street
York
YO1 7DN

R S COCKERILL (YORK) LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 27 JUNE 2020

	Notes	52 weeks ended 27 June 2020 £	52 weeks ended 29 June 2019 £
Turnover	3	49,389,375	44,728,200
Cost of sales		(41,051,687)	(37,431,830)
Gross profit		8,337,688	7,296,370
Distribution costs		(3,170,078)	(3,038,953)
Administrative expenses		(3,037,278)	(3,113,067)
Other operating income		326,428	388,006
Operating profit	4	2,456,760	1,532,356
Interest receivable and similar income	6	12,460	1,478
Interest payable and similar expenses	7	(15,901)	(23,416)
Amounts written off investments	8	(300,000)	(250,000)
Profit before taxation		2,153,319	1,260,418
Tax on profit	9	(314,004)	(204,154)
Profit for the financial 52 weeks		1,839,315	1,056,264

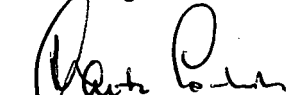
The profit and loss account has been prepared on the basis that all operations are continuing operations.

R S COCKERILL (YORK) LTD

BALANCE SHEET AS AT 27 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		3,294,034		3,477,000
Current assets					
Stocks	12	1,317,681		1,130,399	
Debtors	13	8,838,541		10,071,376	
Cash at bank and in hand		3,939,234		885,009	
		<u>14,095,456</u>		<u>12,086,784</u>	
Creditors: amounts falling due within one year	14	<u>(6,264,285)</u>		<u>(5,376,338)</u>	
Net current assets			<u>7,831,171</u>		<u>6,710,446</u>
Total assets less current liabilities			<u>11,125,205</u>		<u>10,187,446</u>
Creditors: amounts falling due after more than one year	15		(869,906)		(1,035,467)
Provisions for liabilities					
Deferred tax liability	18	<u>217,501</u>	<u>(217,501)</u>	<u>153,496</u>	<u>(153,496)</u>
Net assets			<u><u>10,037,798</u></u>		<u><u>8,998,483</u></u>
Capital and reserves					
Called up share capital	20		9,001		9,001
Profit and loss reserves			<u>10,028,797</u>		<u>8,989,482</u>
Total equity			<u><u>10,037,798</u></u>		<u><u>8,998,483</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24.5.21 and are signed on its behalf by:



Mr M R Cockerill
Director

Company Registration No. 00598050

R S COCKERILL (YORK) LTD

STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 27 JUNE 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2018		9,001	8,197,218	8,206,219
Period ended 29 June 2019:				
Profit and total comprehensive income for the period		-	1,056,264	1,056,264
Dividends	10	-	(264,000)	(264,000)
Balance at 29 June 2019		9,001	8,989,482	8,998,483
Period ended 27 June 2020:				
Profit and total comprehensive income for the period		-	1,839,315	1,839,315
Dividends	10	-	(800,000)	(800,000)
Balance at 27 June 2020		9,001	10,028,797	10,037,798

R S COCKERILL (YORK) LTD

STATEMENT OF CASH FLOWS FOR THE 52 WEEKS ENDED 27 JUNE 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	25	5,747,772		796,533	
Interest paid		(15,901)		(23,416)	
Income taxes paid		(261,302)		(686,722)	
Net cash inflow from operating activities		5,470,569		86,395	
Investing activities					
Purchase of tangible fixed assets		(690,991)		(1,187,296)	
Proceeds on disposal of tangible fixed assets		83,066		33,762	
Receipts arising from loans made		(874,845)		(250,000)	
Interest received		12,460		1,478	
Net cash used in investing activities		(1,470,310)		(1,402,056)	
Financing activities					
Repayment of bank loans		(79,046)		(75,509)	
Payment of finance leases obligations		(66,988)		176,089	
Dividends paid		(800,000)		(264,000)	
Net cash used in financing activities		(946,034)		(163,420)	
Net increase/(decrease) in cash and cash equivalents		3,054,225		(1,479,081)	
Cash and cash equivalents at beginning of 52 weeks		885,009		2,364,090	
Cash and cash equivalents at end of 52 weeks		3,939,234		885,009	

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 JUNE 2020

1 Accounting policies

Company information

R S Cockerill (York) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Providence Business Park, Stamford Bridge Road, Dunnington, York, YO19 5AE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

Accounts are prepared on a 52 week basis to the last Saturday in June each year, rather than annually.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	5% straight line
Packhouse	10%, 20% and 25% straight line and 25% reducing balance
Plant and equipment	10% and 20% straight line and 25% reducing balance
Fixtures fittings and equipment	10%, 20% and 25% straight line and 25% reducing balance
Vehicles and trailers	10%, 12.5%, 16.6%, 17% & 20% straight line and 25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

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.

Financial instruments are recognised in the company's balance sheet 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

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 27 JUNE 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 27 JUNE 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Potato merchants	49,389,375	44,728,200
	<u> </u>	<u> </u>
	2020 £	2019 £
Other significant revenue		
Interest income	12,460	1,478
Grants received	113,167	77,648
	<u> </u>	<u> </u>

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

3 Turnover and other revenue (Continued)

	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	49,389,375	44,728,200

4 Operating profit

	2020 £	2019 £
Operating profit for the period is stated after charging/(crediting):		
Government grants	(113,167)	(77,648)
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	8,000
Depreciation of owned tangible fixed assets	869,018	800,123
(Profit)/loss on disposal of tangible fixed assets	(78,127)	3,796
Operating lease charges	292,391	292,048

5 Employees

The average monthly number of persons (including directors) employed by the company during the 52 weeks was:

	2020 Number	2019 Number
Number of operational staff	102	82
Number of management staff	25	25
Total	127	107

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	5,649,502	5,171,771
Social security costs	47,987	44,411
Pension costs	152,170	357,660
	5,849,659	5,573,842

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 27 JUNE 2020

6	Interest receivable and similar income	2020	2019
		£	£
	Interest income		
	Interest on bank deposits	5,778	1,478
	Other interest income	6,682	-
		<u>12,460</u>	<u>1,478</u>
	Total income	12,460	1,478
		<u></u>	<u></u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	5,778	1,478
		<u>5,778</u>	<u>1,478</u>
7	Interest payable and similar expenses	2020	2019
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	11,761	15,001
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	4,140	4,726
	Other interest	-	3,689
		<u>15,901</u>	<u>23,416</u>
		<u></u>	<u></u>
8	Amounts written off investments	2020	2019
		£	£
	Amounts written off current loans	300,000	250,000
		<u>300,000</u>	<u>250,000</u>
9	Taxation	2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	362,143	203,714
	Adjustments in respect of prior periods	(112,144)	(82,986)
		<u>249,999</u>	<u>120,728</u>
	Deferred tax		
	Origination and reversal of timing differences	64,005	83,426
		<u>64,005</u>	<u>83,426</u>
	Total tax charge	314,004	204,154
		<u>314,004</u>	<u>204,154</u>

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 27 JUNE 2020

9 Taxation

(Continued)

The actual charge for the 52 weeks can be reconciled to the expected charge for the 52 weeks based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	2,153,319	1,260,418
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	409,131	239,479
Tax effect of expenses that are not deductible in determining taxable profit	57,000	47,530
Tax effect of income not taxable in determining taxable profit	(21,502)	(14,753)
Group relief	(73,318)	(40,064)
Permanent capital allowances in excess of depreciation	(9,168)	(28,478)
Under/(over) provided in prior years	(112,144)	(82,986)
Deferred tax adjustments in respect of prior years	64,005	83,426
Taxation charge for the period	314,004	204,154

10 Dividends

	2020 £	2019 £
Interim paid	800,000	264,000

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

11 Tangible fixed assets

	Freehold land and buildings	Packhouse	Plant and equipment	Fixtures fittings and equipment	Vehicles and trailers	Total
	£	£	£	£	£	£
Cost						
At 30 June 2019	1,828,354	2,553,909	4,041,249	351,685	2,475,029	11,250,226
Additions	-	-	521,730	29,939	139,322	690,991
Disposals	-	(52,337)	(32,745)	-	(15,349)	(100,431)
At 27 June 2020	1,828,354	2,501,572	4,530,234	381,624	2,599,002	11,840,786
Depreciation and impairment						
At 30 June 2019	895,179	2,251,834	2,307,163	282,535	2,036,515	7,773,226
Depreciation charged in the 52 weeks	91,268	80,993	553,196	26,328	117,233	869,018
Eliminated in respect of disposals	-	(50,101)	(30,511)	-	(14,880)	(95,492)
At 27 June 2020	986,447	2,282,726	2,829,848	308,863	2,138,868	8,546,752
Carrying amount						
At 27 June 2020	841,907	218,846	1,700,386	72,761	460,134	3,294,034
At 29 June 2019	933,175	302,075	1,734,086	69,150	438,514	3,477,000

12 Stocks

	2020 £	2019 £
Raw materials and consumables	220,569	171,027
Finished goods and goods for resale	1,097,112	959,372
	1,317,681	1,130,399

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	5,689,129	6,740,493
Corporation tax recoverable	112,144	-
Amounts owed by group undertakings	1,886,591	2,811,095
Other debtors	986,539	327,226
Prepayments and accrued income	164,138	192,562
	8,838,541	10,071,376

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	16	79,000	75,500
Obligations under finance leases	17	68,563	66,988
Trade creditors		5,142,104	4,549,496
Corporation tax		210,143	109,302
Other taxation and social security		195,285	86,441
Other creditors		108,104	55,701
Accruals and deferred income		461,086	432,910
		<u>6,264,285</u>	<u>5,376,338</u>

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	379,068	461,614
Obligations under finance leases	17	40,538	109,101
Government grants		450,300	464,752
		<u>869,906</u>	<u>1,035,467</u>

16 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>458,068</u>	<u>537,114</u>
Payable within one year	79,000	75,500
Payable after one year	<u>379,068</u>	<u>461,614</u>

Bank loans and overdrafts are secured by the company as follows:

Barclays Bank plc hold as security a debenture over the assets of the company dated 19th February 1985. there is also a cross-guarantee and debenture to R S Cockerill (Farms) Ltd and Providence Holdings Ltd dated 19th June 2009.

There are charges on group assets as follows:

Greenlands Farm dated 14th February 2007.

Land at Holtby dated 17th October 2012.

Providence Business Park dated 5th April 2013.

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEKS ENDED 27 JUNE 2020

17 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	68,563	66,988
In two to five years	40,538	109,101
	<u>109,101</u>	<u>176,089</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
ACAs	<u>217,501</u>	<u>153,496</u>
Movements in the 52 weeks:		2020
		£
Liability at 30 June 2019		153,496
Charge to profit or loss		<u>64,005</u>
Liability at 27 June 2020		<u>217,501</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>152,170</u>	<u>357,660</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

20 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	9,001	9,001	9,001	9,001
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for truck lease hire. Leases are negotiated for an average term of 5 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	127,686	3,700
Between two and five years	131,128	236,887
	<u>258,814</u>	<u>240,587</u>

22 Related party transactions

R S Cockerill (Farms) Limited, a company in which the ultimate parent company has a 100% interest provided goods and services to the value of £1,197,592 (2019 - £1,485,772). Debtors include £929,722 (2019 - £1,165,355) due from the company.

23 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Loan to directors	-	(10,598)	612,664	(27,222)	574,844
		<u>(10,598)</u>	<u>612,664</u>	<u>(27,222)</u>	<u>574,844</u>

24 Ultimate controlling party

The parent company of R S Cockerill (York) Ltd is Providence Holdings Limited and its registered office is Providence Business Park, Stamford Bridge Road, Dunnington, York YO19 5AE.

The ultimate controlling party is Mr M R and Mrs P A Cockerill.

R S COCKERILL (YORK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 27 JUNE 2020

25 Cash generated from operations

	2020 £	2019 £
Profit for the 52 weeks after tax	1,839,315	1,056,264
Adjustments for:		
Taxation charged	314,004	204,154
Finance costs	15,901	23,416
Investment income	(12,460)	(1,478)
(Gain)/loss on disposal of tangible fixed assets	(78,127)	3,796
Depreciation and impairment of tangible fixed assets	869,018	800,123
Other gains and losses	300,000	250,000
Movements in working capital:		
Increase in stocks	(187,282)	(541,053)
Decrease/(increase) in debtors	1,919,824	(2,001,900)
Increase in creditors	782,031	892,927
(Decrease)/increase in deferred income	(14,452)	110,284
Cash generated from operations	<u>5,747,772</u>	<u>796,533</u>

26 Analysis of changes in net funds

	30 June 2019 £	Cash flows £	27 June 2020 £
Cash at bank and in hand	885,009	3,054,225	3,939,234
Borrowings excluding overdrafts	(537,114)	79,046	(458,068)
Obligations under finance leases	(176,089)	66,988	(109,101)
	<u>171,806</u>	<u>3,200,259</u>	<u>3,372,065</u>