

Roper Rhodes Limited

Annual Report and Financial Statements
for the Year Ended 31 July 2020

Roper Rhodes Limited

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Roper Rhodes Limited

Company Information

Directors	M Roper P Roper S P Taylor L E Leather W J Steele
Company secretary	A Sillwood
Registered office	Brassmill Lane Trading Estate Bath BA1 3JF
Auditors	Milsted Langdon LLP Chartered Accountants and Statutory Auditors Freshford House Redcliffe Way Bristol BS1 6NL

Roper Rhodes Limited

Strategic Report for the Year Ended 31 July 2020

The Directors present their strategic report for the year ended 31 July 2020.

Principal activity

The principal activity of the Company is the design, marketing and sale of bathroom equipment.

Fair review of the business

This has been the most challenging year in the company's history. The impact of Covid on sales came at a time when we had experienced a very strong first half year of trading. We continued to invest in the growth of the business through targeted recruitment and product development. A period of heavy investment in previous years is now delivering material benefits throughout the business.

The Covid pandemic threw up a series of challenges to the management team, none of which they had ever encountered before. To close the entire business down for a period of time was a difficult decision which we took in March 2020 to ensure the health and safety of our staff. The gradual reopening of our customers during late spring enabled us to bring in more staff and we were back at full capacity by mid June. We estimate the loss of revenue in the March – June period to be circa £11m.

A period of strong trading for the first four months of 2020/21 has now been interrupted by Covid again with the closure of all bathroom retailers between January and April. This will have some impact on our 2021 results but we are confident for the post lockdown trading period.

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Revenue	£	52,998,679	59,053,911
Operating profit	£	4,695,750	6,627,508
Operating margin	%	9	11

Principal risks and uncertainties

Competition

It is possible that competitors may develop technologies that compete with the Company's products. The ability of the Company to defend its competitive advantage rests on the maintenance of appropriate product development.

Key staff

The Company has a share incentive plan with the aim of providing free shares for some employees. This has ceased for new employees.

Overseas suppliers

The Company uses overseas suppliers for the majority of products. Whether these products are transported by road or sea, adequate insurance is put in place to mitigate any loss.

Foreign exchange

A large amount of purchases are made from foreign suppliers so the Company regularly trades in euros and dollars. To manage the foreign exchange risk, the Company trades spot and forward exchange contracts.

Roper Rhodes Limited

Strategic Report for the Year Ended 31 July 2020

In addition to the Company's exposure to general macroeconomic developments and market conditions as discussed in the fair review of the business section above, the Company is exposed to a range of financial risks, including the effects in credit, commodity prices, currency and interest rates. To assist in mitigating these risks, the Company has in place a risk management programme to monitor the financial risks and limit the adverse effects on performance of the Company.

Approved by the Board on 23 April 2021 and signed on its behalf by:

.....
M Roper
Director

Roper Rhodes Limited

Directors' Report for the Year Ended 31 July 2020

The Directors present their report and the financial statements for the year ended 31 July 2020.

Directors of the Company

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

M Roper

P Roper

S P Taylor

L E Leather

W J Steele

E J Staples (appointed 23 September 2019 and resigned 8 June 2020)

Financial instruments

Objectives and policies

The Company is exposed to price risk, credit risk, liquidity and cash flow risk. Appropriate policies have been developed and implemented to identify, evaluate and manage key risks and the Directors review risk management strategies regularly.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk - the Company is exposed to price risk as a result of its operations. However, sales prices are constantly reviewed and agreed by management to ensure sales prices reflect any fluctuating prices within the market place.

Credit risk - before sales are made, appropriate credit checks are made on potential customers. The majority are established customers of the Company, therefore the credit risk on individual customers is limited.

Liquidity and cash flow risk - the Company's exposure to liquidity risk is minimal and the Company has adequate net current assets.

Political donations

During the year the Company made political donations of £100,000. Individual donations to EU political parties were:

	£
Liberal Democrats	100,000

Future developments

The Company continues to make substantial investments in new product development, and in the sales and operational functions, to drive further growth in revenue and profits.

Disclosure of information to the auditors

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

Roper Rhodes Limited

Directors' Report for the Year Ended 31 July 2020

Reappointment of auditors

The auditors Milsted Langdon LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 23 April 2021 and signed on its behalf by:

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M Roper
Director

Roper Rhodes Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Roper Rhodes Limited

Independent Auditor's Report to the Members of Roper Rhodes Limited

Opinion

We have audited the financial statements of Roper Rhodes Limited (the 'Company') for the year ended 31 July 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 the Financial Reporting Standards 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 July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Roper Rhodes Limited

Independent Auditor's Report to the Members of Roper Rhodes Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Roper Rhodes Limited

Independent Auditor's Report to the Members of Roper Rhodes Limited

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.

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Mrs S R Jenkins (Senior Statutory Auditor)
For and on behalf of Milsted Langdon LLP
Chartered Accountants and Statutory Auditor
Freshford House
Redcliffe Way
Bristol
BS1 6NL

26 April 2021

Roper Rhodes Limited

Profit and Loss Account for the Year Ended 31 July 2020

	Note	2020 £	2019 £
Revenue	<u>3</u>	52,998,679	59,053,911
Cost of sales		<u>(34,780,892)</u>	<u>(38,453,957)</u>
Gross profit		18,217,787	20,599,954
Distribution costs		(2,902,747)	(2,840,149)
Administrative expenses		(11,728,915)	(11,463,253)
Other operating income	<u>4</u>	<u>1,109,625</u>	<u>330,956</u>
Operating profit	<u>6</u>	<u>4,695,750</u>	<u>6,627,508</u>
Loss on financial assets at fair value through profit and loss account		(538,309)	(72,590)
Other interest receivable and similar income	<u>7</u>	174,739	184,931
Interest payable and similar expenses	<u>8</u>	<u>(193,155)</u>	<u>(255,614)</u>
		<u>(556,725)</u>	<u>(143,273)</u>
Profit before tax		4,139,025	6,484,235
Taxation	<u>12</u>	<u>(885,604)</u>	<u>(1,286,079)</u>
Profit for the financial year		<u><u>3,253,421</u></u>	<u><u>5,198,156</u></u>

The above results were derived from continuing operations.

Roper Rhodes Limited

Statement of Comprehensive Income for the Year Ended 31 July 2020

	2020 £	2019 £
Profit for the year	3,253,421	5,198,156
Surplus on property, plant and equipment revaluation	-	903,331
Deferred tax on property, plant and equipment revaluation	(3,541)	(96,322)
	<u>(3,541)</u>	<u>807,009</u>
Total comprehensive income for the year	<u>3,249,880</u>	<u>6,005,165</u>

Roper Rhodes Limited
(Registration number: 01568433)
Balance Sheet as at 31 July 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	<u>14</u>	14,829,614	15,224,751
Investment property	<u>15</u>	5,047,325	5,047,325
Investments	<u>16</u>	1	1
		<u>19,876,940</u>	<u>20,272,077</u>
Current assets			
Stocks	<u>17</u>	10,308,026	11,127,418
Debtors	<u>18</u>	11,464,817	13,898,782
Other financial assets	<u>19</u>	-	215,502
Cash and cash equivalents	<u>20</u>	14,417,399	6,103,036
		36,190,242	31,344,738
Creditors: Amounts falling due within one year	<u>21</u>	(7,606,905)	(6,348,756)
Net current assets		<u>28,583,337</u>	<u>24,995,982</u>
Total assets less current liabilities		48,460,277	45,268,059
Provisions for liabilities		(913,999)	(971,661)
Net assets		<u>47,546,278</u>	<u>44,296,398</u>
Capital and reserves			
Called up share capital	<u>23</u>	118,291	118,291
Share premium reserve	<u>24</u>	332,941	332,941
Capital redemption reserve	<u>24</u>	60,562	60,562
Revaluation reserve	<u>24</u>	3,845,441	3,848,982
Other reserves	<u>24</u>	(10,057,048)	(10,057,048)
Profit and loss account	<u>24</u>	53,246,091	49,992,670
Total equity		<u>47,546,278</u>	<u>44,296,398</u>

Approved and authorised by the Board on 23 April 2021 and signed on its behalf by:

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M Roper
Director

Roper Rhodes Limited

Statement of Changes in Equity for the Year Ended 31 July 2020

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Other reserves £
At 1 August 2019	118,291	332,941	60,562	3,848,982	(10,057,048)
Profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	(3,541)	-
Total comprehensive income	-	-	-	(3,541)	-
At 31 July 2020	118,291	332,941	60,562	3,845,441	(10,057,048)

Roper Rhodes Limited

Statement of Changes in Equity for the Year Ended 31 July 2020

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Other reserves £
At 1 August 2018	118,597	332,941	60,256	4,989,416	(9,912,300)
Profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	807,009	(144,748)
Total comprehensive income	-	-	-	807,009	(144,748)
Dividends	-	-	-	-	-
Purchase of own share capital	(306)	-	-	-	-
Transfers	-	-	-	(1,947,443)	-
Other capital redemption reserve movements	-	-	306	-	-
At 31 July 2019	118,291	332,941	60,562	3,848,982	(10,057,048)

Roper Rhodes Limited

Statement of Cash Flows for the Year Ended 31 July 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		3,253,421	5,198,156
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	888,952	873,528
Financial instrument net gains (losses) through profit and loss		538,311	72,590
Changes in fair value of investment property	<u>15</u>	-	(700,516)
Finance income	<u>7</u>	(174,739)	(184,931)
Finance costs	<u>8</u>	193,155	255,614
Income tax expense	<u>12</u>	885,604	1,286,079
		5,584,704	6,800,520
Working capital adjustments			
Decrease in stocks	<u>17</u>	819,392	618,688
Decrease/(increase) in trade debtors	<u>18</u>	2,433,965	(1,166,583)
Increase in trade creditors	<u>21</u>	1,058,428	248,744
		9,896,489	6,501,369
Cash generated from operations		9,896,489	6,501,369
Income taxes paid	<u>12</u>	(1,069,895)	(1,111,797)
		8,826,594	5,389,572
Net cash flow from operating activities		8,826,594	5,389,572
Cash flows from investing activities			
Interest received	<u>7</u>	174,739	184,931
Acquisitions of tangible assets		(514,309)	(2,148,028)
Proceeds from sale of tangible assets		20,494	21,519
		(319,076)	(1,941,578)
Net cash flows from investing activities		(319,076)	(1,941,578)
Cash flows from financing activities			
Interest paid	<u>8</u>	(193,155)	(255,614)
Payments for purchase of own shares		-	(5,508)
Dividends paid	<u>27</u>	-	(1,050,311)
		(193,155)	(1,311,433)
Net cash flows from financing activities		(193,155)	(1,311,433)
Net increase in cash and cash equivalents		8,314,363	2,136,561
Cash and cash equivalents at 1 August		6,103,036	3,966,475
Cash and cash equivalents at 31 July		14,417,399	6,103,036

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

1 General information

The Company is a private Company limited by share capital, incorporated in England & Wales.

The address of its registered office is:
Brassmill Lane Trading Estate
Bath
BA1 3JF

These financial statements were authorised for issue by the Board on 23 April 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland.

Basis of preparation

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

The financial statements are prepared in sterling, which is the functional currency of the Company, and rounded to the nearest £.

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. Therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no estimates and assumptions which are considered to have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Revenue recognition

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

The Company recognises revenue when all of the following conditions are satisfied:

- the amount of revenue can be reliably measured;
- all of the significant risks and rewards of ownership have been transferred to the customer;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the Company's activities.

Other operating income

Other operating income, which includes rental income and government grants has been recognised on an accruals basis in line with the overall revenue recognition policy.

Finance income and costs policy

Interest income and expenses are recognised using the effective interest rate method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Licences	Straight line over 5 years
Research and development	Costs are expensed as incurred

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, except for Warehouses, which are held at valuation.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Tangible assets held at valuation are revalued with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the warehouse's revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or scrapping of a revalued property, the attributable revaluation surplus remaining in the warehouse's revaluation reserve is transferred directly to retained earnings.

Depreciation

Depreciation is charged so as to write off the cost, less estimated residual value of the assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Warehouses	1% straight line - excluding land
Offices	1% straight line - excluding land
Computer equipment	25% straight line
Furniture, fittings & equipment	15% reducing balance or 50% straight line
Motor vehicles	25% straight line
Tooling & moulds	33% straight line

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

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

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

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

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

Share based payments

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is derived from market prices of similar quoted companies. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The fair value of any options awarded also takes into account non vesting conditions. These are other factors outside the control of either party (such as a target based on an index) or within the control of one or more of the parties (such as the scheme being kept open or the employee maintaining their contribution of services to the Company).

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Derivative financial instruments and hedging

Derivatives

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts are valued using market to market rates at the balance sheet date supplied by the providers of the contracts.

Hedging

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Hedge accounting for foreign exchange derivatives is not applied.

3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Sale of goods	52,998,679	59,053,911

The analysis of the Company's revenue for the year by market is as follows:

	2020	2019
	£	£
UK	51,118,012	57,285,554
Europe & Rest of world	1,880,667	1,768,357
	52,998,679	59,053,911

4 Other operating income

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

	2020	2019
	£	£
Government grants	738,104	-
Rental income	371,521	330,956
	1,109,625	330,956

5 Other gains and losses

The analysis of the Company's other gains and losses for the year is as follows:

	2020	2019
	£	£
Gain on disposal of property, plant and equipment	40,356	28,981
Gain from revaluation of property	-	700,516
	40,356	729,497

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

6 Operating profit

Arrived at after charging/(crediting)

	Note	2020 £	2019 £
Depreciation expense		888,952	873,528
Research and development cost		29,266	90,453
Foreign exchange gains		(141,512)	(162,455)
Operating lease expense - property		376,096	262,858
Profit on disposal of property, plant and equipment		(40,356)	(28,981)
Audit Fees	<u>11</u>	34,800	32,075
Gain from revaluation of property		-	(700,516)
		-	(700,516)

7 Other interest receivable and similar income

		2020 £	2019 £
Interest income on bank deposits		33,227	22,476
Other finance income		141,512	162,455
		174,739	184,931

8 Interest payable and similar expenses

		2020 £	2019 £
Interest on bank overdrafts and borrowings		2,391	6,060
Other finance costs		190,764	249,554
		193,155	255,614

9 Staff costs

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

		2020 £	2019 £
Wages and salaries		7,938,702	8,379,863
Social security costs		834,913	344,764
Pension costs, defined contribution scheme		623,717	570,821
Other employee expense		150,167	206,419
		9,547,499	9,501,867

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

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

	2020	2019
	No.	No.
Administration and support	160	147
Sales	29	30
	189	177

10 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	1,517,772	1,018,992
Contributions paid to money purchase schemes	55,528	37,544
	1,573,300	1,056,536

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

	2020	2019
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Accruing benefits under money purchase pension scheme	4	5

In respect of the highest paid Director:

	2020	2019
	£	£
Remuneration	188,120	396,323
Company contributions to money purchase pension schemes	-	14,350

11 Auditors' remuneration

	2020	2019
	£	£
Audit of the financial statements	34,800	32,075
Other fees to auditors		
All other non-audit services	20,247	26,611

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

12 Taxation

Tax charged/(credited) in the income statement:

	2020 £	2019 £
Current taxation		
UK corporation tax	946,809	1,177,126
Deferred taxation		
Arising from origination and reversal of timing differences	(61,204)	108,953
Arising from changes in tax rates and laws	(1)	-
Total deferred taxation	(61,205)	108,953
Tax expense in the income statement	885,604	1,286,079

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	4,139,025	6,484,235
Corporation tax at standard rate	786,415	1,232,005
Effect of expense not deductible in determining taxable profit (tax loss)	47,437	110,480
UK deferred tax expense/(credit) relating to changes in tax rates or laws	51,752	(24,150)
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	(32,256)
Total tax charge	885,604	1,286,079

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Deferred tax

Deferred tax assets and liabilities

	Asset	Liability
	£	£
2020		
Accelerated capital allowances	-	183,682
Foreign exchange currency contracts	61,675	-
Other short term timing differences	-	791,992
Share-based payments	-	-
	61,675	975,674
	61,675	975,674
2019		Liability
		£
Accelerated capital allowances		173,425
Foreign exchange currency contracts		36,330
Other short term timing differences		761,906
Share-based payments		-
		971,661
		971,661

Tax relating to items recognised in other comprehensive income or equity

	2020	2019
	£	£
Deferred tax related to items recognised as items of other comprehensive income	535,311	523,068
Deferred tax related to items recognised as items of equity	378,688	448,593
	914,000	971,661
	914,000	971,661

13 Intangible assets

	Licences	Total
	£	£
Cost or valuation		
At 1 August 2019	105,000	105,000
At 31 July 2020	105,000	105,000
Amortisation		
At 1 August 2019	105,000	105,000
At 31 July 2020	105,000	105,000
Carrying amount		
At 31 July 2020	-	-

The aggregate amount of research and development expenditure recognised as an expense during the period is £ 29,266 (2019 - £90,453).

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

14 Tangible assets

	Warehouses £	Offices £	Furniture, fittings and equipment £	Computer equipment £	Motor vehicles £	T
Cost or valuation						
At 1 August 2019	10,252,627	3,225,000	1,404,971	1,836,105	985,738	
Additions	11,480	17,366	198,448	42,176	164,585	
Disposals	-	-	-	-	(191,710)	
At 31 July 2020	10,264,107	3,242,366	1,603,419	1,878,281	958,613	
Depreciation						
At 1 August 2019	111,064	64,500	507,746	1,318,006	580,515	
Charge for the year	102,642	32,423	222,763	250,208	203,094	
Eliminated on disposal	-	-	-	-	(171,216)	
At 31 July 2020	213,706	96,923	730,509	1,568,214	612,393	
Carrying amount						
At 31 July 2020	10,050,401	3,145,443	872,910	310,067	346,220	
At 31 July 2019	10,141,563	3,160,500	897,225	518,099	405,223	

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Revaluation

The fair value of the Company's Offices was revalued on 14 August 2018. An independent valuer was not involved. Offices were revalued by Carter Jonas on an open market existing use basis as set out in Practice Statement 3.2 of the RICS Appraisal and Valuation Standard.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £2,087,023 (2019 - £2,109,687).

The fair value of the Company's Warehouses was revalued on 19 June 2018 by an independent valuer.

Warehouses were revalued by Carter Jonas on an open market existing use basis as set out in Practice Statement 3.2 of the RICS Appraisal Valuation Standard.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £6,984,256 (2019 - £7,046,156).

15 Investment properties

	2020 £
At 1 August	<u>5,047,325</u>
At 31 July	<u><u>5,047,325</u></u>

The Company's investment property were independently revalued on 22 June 2018. The investment property was revalued by Carter Jonas on an open market existing use basis as set out in Practice Statement 3.2 of the RICS Appraisal Valuation Standard.

16 Investments

	2020 £	2019 £
Investments in subsidiaries	<u>1</u>	<u>1</u>
Subsidiaries		£
Cost or valuation		
At 1 August 2019		<u>1</u>
Provision		
Carrying amount		
At 31 July 2020		<u><u>1</u></u>
At 31 July 2019		<u><u>1</u></u>

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Roper Rhodes Trustees Limited	Brassmill Lane Trading Estate, Bath, Avon, BA1 3JF	Ordinary	100%	100%

The principal activity of Roper Rhodes Trustees Limited is a dormant Company. Its financial period end is 30 June.

The profit for the financial period of Roper Rhodes Trustees Limited was £nil (2018 - £nil) and the aggregate amount of capital and reserves at the end of the period was £1 (2018 - £1).

17 Stocks

	2020 £	2019 £
Finished goods and goods for resale	10,308,026	11,127,418

18 Debtors

	2020 £	2019 £
Trade debtors	10,404,148	11,482,521
Other debtors	944,070	2,257,714
Prepayments	116,599	158,547
	<u>11,464,817</u>	<u>13,898,782</u>

19 Other financial assets (current and non-current)

	2020 £	2019 £
Current financial assets		
Forward exchange contracts	-	215,502

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

20 Cash and cash equivalents

	2020	2019
	£	£
Cash on hand	1,400	1,400
Cash at bank	6,305,638	2,296,763
Short-term deposits	8,110,361	3,804,873
	14,417,399	6,103,036

21 Creditors

	Note	2020	2019
		£	£
Due within one year			
Trade creditors		2,129,569	3,021,882
Social security and other taxes		2,096,621	696,196
Outstanding defined contribution pension costs		63,562	61,742
Other payables		1,182,598	1,434,896
Accruals		1,563,140	762,346
Income tax liability	<u>12</u>	246,809	369,895
Other current financial liabilities		324,606	1,799
		7,606,905	6,348,756

22 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £623,717 (2019 - £570,821). Contributions totalling £63,562 (2019 - £61,742) were payable to the scheme at the end of the year and are included in creditors.

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

23 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary A shares of £1 each	92,724	92,724	92,724	92,724
Ordinary B shares of £1 each	20,111	20,111	20,111	20,111
Ordinary C shares of £0.01 each	370,896	3,709	370,896	3,709
Ordinary D shares of £0.01 each	174,692	1,747	174,692	1,747
	<u>658,423</u>	<u>118,291</u>	<u>658,423</u>	<u>118,291</u>

Shares in entity held by entity, subsidiaries, associates or joint ventures

14,147 B shares and 56,696 D shares are held by Roper Rhodes Trustees Limited, a subsidiary of Roper Rhodes Limited.

Rights, preferences and restrictions

Ordinary A, B, C and D shares have the following rights, preferences and restrictions:

The voting rights attached to each respective class of share is one vote per share held. All classes of shares rank pari passu.

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

24 Reserves

Share capital

This reserve reflects the nominal value of share capital issued by the Company.

Share premium

This reserve reflects the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve reflects the nominal value of shares repurchased by the Company.

Revaluation reserve

This reserve reflects the surplus or deficit arising on the revaluation of assets within the Company.

Other reserves

This reserve reflects the amount held for own shares and the cost of shares held in trust.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Revaluation reserve £	Total £
Deferred tax on property, plant and equipment revaluation	(3,541)	(3,541)
	(3,541)	(3,541)

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Revaluation reserve £	Other reserves £	Retained earnings £	Total £
Surplus on property, plant and equipment revaluation	903,331	-	-	903,331
Surplus on revaluation of other assets	-	(144,748)	144,748	-
Deferred tax on property, plant and equipment revaluation	(96,322)	-	-	(96,322)
	807,009	(144,748)	144,748	807,009

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Qualifying Employee Share Ownership Trust

Roper Rhodes Limited is a sponsoring Company of an ESOP Trust.

In the year to 31 July 2020 Roper Rhodes Limited became a sponsoring Company of a Qualifying Employee Share Ownership Trust (QUEST) to purchase shares in the Company for the benefit of the employees.

The Trust holds 14,174 B Shares and 56,696 D Shares at a nominal value of £14,741. The financial statements of the trust have been fully consolidated in the Company's financial statements because the Company is deemed to have de facto control until such time as the shares held by the Trust vest unconditionally with employees.

The equity instruments held within the Trust are exercisable at the earlier of the onward sale of the Company or 26 March 2023.

A scheme has been agreed with HMRC under schedule 5 to the Finance Act 1989. The Trust bears its own expenses and has waived its right to the payment of a dividend in the year.

As Roper Rhodes Limited is a private Company, there is no observable market price for the shares granted. Therefore, the value of the shares was derived from market prices of similar quoted companies. As at 31 July 2020, total cost of the shares is £9,073,453 (2019 - £9,073,453).

The movements in the number of share options during the year were as follows:

	2020	2019
	Number	Number
Outstanding, start of period	200,000	200,000
Share buy-back during the period	-	-
Outstanding, end of period	<u>200,000</u>	<u>200,000</u>

There has been no movement in the weighted average exercise price of share options during the year (2019 - no movements).

25 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	21,768	-
Later than one year and not later than five years	10,884	-
	<u>32,652</u>	<u>-</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £21,768 (2019 - £Nil).

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

26 Share-based payments

Share Incentive Plan

Scheme details and movements

The SIP was introduced in 2006 and the board was able to award free shares in the Company to UK based employees of Roper Rhodes Limited. Under relevant legislation free shares must be kept in trust for a minimum of three years and five years to take advantage of full tax benefits. There was an upper statutory limit of £3,600 worth of shares per tax year.

Awards were granted with a fixed price equal to the previously determined value derived from market prices of similar quoted companies at the date of the grant. Awards under the SIP were reserved for employees who had been in continuous employment for a period of one month prior to the award eligibility date. Awards were equity based. The eligibility date was set one month prior to the award date. There were no performance conditions attached to the shares. An award was satisfied by the issue of equity shares. The exercise price was nil and no dividends were payable on these shares.

No shares have been vesting, exercised or granted to employees in the year (2019 – Nil).

The Company has taken the exemption available to them under the Financial Reporting Standards section 35 to not recognise a retrospective expense with regard to share based payments in the income statement.

As Roper Rhodes Limited is a private Company, there is no observable market price for the shares granted.

Share option schemes

Scheme details

The Company operates three share based compensation plans, being three unapproved schemes. For each plan, the options may be exercised on either sale or takeover of the Company. The options lapse on the 10th anniversary of the grant date or if the option holder ceases to be employed by the Company.

The Directors consider the likelihood of employees exercising options across any of the three schemes to be remote in the foreseeable future and unlikely to give rise to a material adjustment. Consequently no share based payment charge has been recognised during the current or prior year.

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

Unapproved schemes

Scheme details and movements

The Company operates three unapproved schemes.

The first scheme ("Option A") has been awarded based on the services rendered to the Company and vests on acquisition of the issued share capital of the Company.

The second scheme ("Option B") vests when the Company is sold subject to achieving a minimum sales value.

The third scheme ("Option C") vests on acquisition of the issued share capital of the Company.

Option A

On 17 December 2015, Roper Rhodes Limited granted 14,819 share options at an exercise price of £0.01.

During the year none of these options were exercised, forfeited or lapsed (2019 – Nil). As at the year end 14,819 (2019 – 14,819) remain outstanding of which 14,819 (2019 – 14,819) have been awarded to a Director of the Company.

Option B

On 22 January 2016, 88,034 share options were granted at an exercise price of £0.01.

During the year none of these options were exercised, forfeited or lapsed (2019 – Nil). As at the year end 88,034 (2019 – 88,034) remain outstanding of which 31,441 (2019 – 31,441) have been awarded to Directors of the Company.

Option C

On 17 December 2015, Roper Rhodes Limited granted 11,540 at an exercise price of £0.01.

During the year none of these options were exercised, forfeited or lapsed (2019 – Nil). As at the year end 11,540 (2019 – 11,540) remain outstanding of which 11,540 (2019 – 11,540) have been awarded to a Director of the Company.

27 Dividends

	2020	2019
	£	£
Interim dividend of £Nil (2019 - £2.26) per ordinary share	-	1,050,311

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

28 Commitments

Capital commitments

There are no capital commitments at the year end.

The total amount contracted for but not provided in the financial statements was £Nil (2019 - £Nil).

29 Contingent liabilities

Guarantee to HMRC in respect of deferred VAT totalling £170,000 (2019 - £170,000).

30 Related party transactions

Key management compensation

	2020	2019
	£	£
Salaries and other short term employee benefits	966,550	1,056,536

Summary of transactions with subsidiaries

Subsidiary undertakings

The Company sold goods to subsidiaries within the prior year.

The Company wrote off part of a loan with a subsidiary within the prior year.

The Company disposed of a subsidiary within the prior year.

The sale of goods to subsidiaries were undertaken in the normal course of business with outstanding balances repayable on normal commercial terms, in the prior year.

Summary of transactions with other related parties

A charity under common control

The Company made donations to the charity in the year totalling £195,000 (2019 - £175,000), which is controlled by a Director.

Close family members of the Directors

During the prior year the Company maintained a loan with the close family members of the Directors.

Expenditure with and payables to related parties

	Key management	Other related parties
	£	£
2020		
Dividends	-	-
2019		
Dividends	1,000,000	46,168

Roper Rhodes Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

31 Analysis of changes in net debt

	At 1 August 2019 £	Financing cash flows £	At 31 July 2020 £
Cash and cash equivalents			
Cash	6,103,036	8,314,363	14,417,399
	6,103,036	8,314,363	14,417,399
	6,103,036	8,314,363	14,417,399

32 Financial instruments

Categorisation of financial instruments

	2020 £	2019 £
Financial assets measured at fair value through profit or loss	-	215,502
Financial liabilities measured at fair value through profit or loss	(324,606)	(1,799)

Derivatives

Financial assets and liabilities measured at fair value through profit or loss comprise foreign currency option contracts. The Company enters into these contracts to hedge against its exposure to trading in foreign currencies. At 31 July 2020 the Company had the option to buy \$22,000,000 at a forward value of £16,568,247 (2019 - \$13,145,000 at a forward value of £9,607,234 and €1,800,000 at a forward value of £1,565,217) with monthly deal dates from August 2020 to December 2021.

These contracts have been fair valued at the balance sheet date, based on relevant market information about the individual currency contracts. The estimates used to value the contracts are subjective in nature, involve uncertainties and matters of judgement and therefore changes in the assumptions adopted could affect the estimates.

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