

**SELECTA UK HOLDING LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**ANNUAL REPORT 2021**

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**SELECTA UK HOLDING LIMITED**

**Company No: 00209116**

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**ANNUAL REPORT 2021**

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

P Hearne  
T Venus  
N Roos (appointed 14 October 2022)  
P Gautier (appointed 4 November 2020 and resigned 14 October 2022)  
A Leon (resigned 1 April 2021)

**REGISTERED OFFICE**

Unit 1 Finway Road  
Hemel Hempstead Industrial Estate  
Finway Road  
Hemel Hempstead  
Hertfordshire  
HP2 7PT

**BANKER**

National Westminster Bank Plc  
City of London office  
PO Box 12258  
1 Princess Street, London  
EC2R 8PA

**INDEPENDENT AUDITOR**

KPMG LLP  
2 Forbury Place  
33 Forbury Road  
Reading  
RG1 3AD

**STRATEGIC REPORT**

The Directors present their Strategic Report for the year ended 31 December 2021. The comparative financial period was for the year ended 31 December 2020.

**PRINCIPAL ACTIVITIES**

The company operates as an investment holding company as well as a management service company for the UK Group ('UK Group' is defined as the company and its subsidiary undertakings. The UK Group is part of the Selecta Group BV which is referred to hereon as 'the Group').

**BUSINESS REVIEW AND RESULTS**

The loss before taxation for the period is £3,257,000 (year ended 31 December 2020: loss £4,542,000).

No dividend was paid or proposed for the year.

**Liquidity risk**

Selecta Group BV actively maintains debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions for each of the subsidiaries.

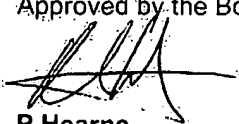
**Interest rate cash flow risk**

The company has limited interest rate risk, as the company holds no external debts. Cash flow risk is covered by the Group relationship where all cash flow needs are covered as and when necessary.

**Foreign currency risk**

The company does not hedge the translation effect of exchange rate movements on the income statement and has minimal foreign currency risk arising from the translation of any outstanding balances.

Approved by the Board of Directors on 30/1/2023 and signed on behalf of the Board



**P Hearne**  
Director

**DIRECTORS' REPORT**

The directors present their Annual Report and the financial statements for the year ended 31 December 2021. The comparative financial period was the year ended 31 December 2020.

**PRINCIPAL ACTIVITIES**

The company operates as an investment holding company as well as a management service company for the Group.

**FUTURE DEVELOPMENTS**

The Directors do not anticipate that there will be any changes in the activity of the company in the next financial period.

**DIVIDENDS PAYABLE**

The Directors do not propose payment of a dividend.

**DIVIDENDS RECEIVABLE**

No dividends were received during the year

**POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

The companies' creditors' payments policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

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**DIRECTORS' REPORT (continued)**

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company's operations expose it to a variety of financial risks that include cash flow risk, credit risk, liquidity risk, interest rate cash flow risk and foreign currency risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of these risks.

The directors have not delegated the responsibility of monitoring financial risk management. The policies set by the Directors are implemented by the Group Finance department.

**STATEMENT OF GOING CONCERN**

The company operates as an investment holding company as well as a management service company for the UK Group ('UK Group' is defined as the company and its subsidiary undertakings. The UK Group is part of the Selecta Group BV which is referred to hereon as 'the Group').

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared based and downside cash flow forecasts for the period of at least 12 months from the date of approval of the financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Selecta AG, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Selecta AG not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £74,645,070 and providing additional financial support during that period. Selecta AG has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Selecta AG has successfully raised additional finance from its existing shareholders to support the group through the impact on the Coronavirus outbreak.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**DIRECTORS' REPORT (continued)**

**DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

P Hearne

T Venus

N Roos (appointed 14 October 2022)

P Gautier (appointed 4 November 2020 and resigned 14 October 2022)

A Leon (resigned 1 April 2021)

**STATEMENT OF DIRECTORS' PERFORMANCE OF THEIR STATUTORY DUTIES  
IN ACCORDANCE WITH S172 OF THE COMPANIES ACT 2006**

The board of directors consider that they have acted in a way they consider in good faith, that would most likely promote the success of the company for the benefit of its shareholders (whilst having regard to the stakeholder requirements set out in s172(1)(a-f) of the act) in the decisions taken in the year ended 31 December 2021. The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our employees, customers, suppliers and community as a whole

The following summarises how the directors have fulfilled their duties with regards to s172:

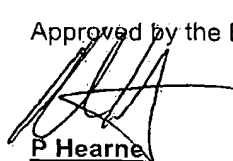
**Shareholders**

The board is committed to openly engaging with our shareholders. We recognise the importance of a continuing effective dialogue. This is achieved through delivering clear communication, receiving feedback and addressing questions effectively.

**Community and the Environment**

We strive to maintain a reputation of high standards in our business conduct. We manage this by developing and maintaining strong relationships within the community we interact and do our best to leverage our expertise and enable colleagues to support the communities around us.

Approved by the Board of Directors on 30/11/2023 and signed on behalf of the Board



**P Hearne**

Director

Unit 1 Finway Road, Hemel Hempstead Industrial Estate, Finway Road, Hemel Hempstead,  
Hertfordshire, HP2 7PT

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELECTA UK HOLDING LIMITED**

**Qualified opinion**

We have audited the financial statements of Selecta UK Holding Limited ("the Company") for the year ended 31 December 2021 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*.

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for qualified opinion**

As stated in Note 1.4 to the financial statements, group accounts as required by Companies Act 2006, have not been prepared.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud that apply to this company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation. We assessed whether the judgements made in making accounting estimates are indicative of a potential bias.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), pension legislation, distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements

The Qualified opinion section of our report explains the implications of the matter described in the Basis for qualified opinion on compliance with the requirements of the Companies Act 2006.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and

performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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; or

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

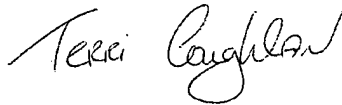
**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Terri Coughlan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
2 Forbury Place  
33 Forbury Road  
Reading  
RG1 3AD  
30 January 2023

**SELECTA UK HOLDING LIMITED****Company No: 00209116****INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b><u>NOTE</u></b>	<b>Year ended 31 December 2021</b>	<b>Year ended 31 December 2020</b>
		<b>£'000</b>	<b>£'000</b>
Administrative expenses		(936)	(1,830)
Other income / (expense)	7	1,310	(440)
<b>Operating loss</b>	2	<b>374</b>	<b>(2,270)</b>
Dividend income		-	-
Profit on disposal of subsidiary		-	-
Impairment of investment in subsidiary undertakings		-	-
<b>Income/(loss) before finance income and expenses</b>		<b>374</b>	<b>(2,270)</b>
<b>Finance income and expenses</b>			
Finance costs	3	(7,689)	(7,588)
Finance income	3	4,058	5,316
<b>Loss before taxation</b>		<b>(3,257)</b>	<b>(4,542)</b>
Income tax expense	5	-	-
<b>Loss for the year</b>		<b>(3,257)</b>	<b>(4,542)</b>

The above results arise wholly from the continuing activities of the company.

The notes on pages 16 to 34 form an integral part of the financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2021**

	<u>Note</u>	Year ended 31 December 2021 £'000	Year ended 31 December 2020 as restated £'000
Loss for the financial year		(3,257)	(4,542)
<b>Other Comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit pension scheme (note 7)		(47,955)	7,357
Movement on deferred tax relating to pension scheme (note 5, 10)		16,784	(2,590)
Other comprehensive income for the year net of tax		<u>(31,171)</u>	<u>4,767</u>
Total comprehensive (loss)/income		<u>(34,428)</u>	<u>225</u>

Please see note 14 for additional information regarding the prior year restatement.

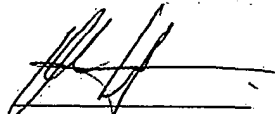
The notes on pages 16 to 34 form an integral part of the financial statements.

**SELECTA UK HOLDING LIMITED****Company No: 00209116****STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

	Note	31 December 2021 £'000	31 December 2020 as restated* £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	6	107,228	107,228
Net defined benefit asset	7	15,200	62,800*
		<u>122,428</u>	<u>170,028</u>
<b>Current assets</b>			
Trade and other receivables	8	5,597	5,465
Cash and cash equivalents		28	160
<b>Total current assets</b>		<u>5,625</u>	<u>5,625</u>
<b>Total Assets</b>		<u>128,053</u>	<u>175,653</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(74,940)	(71,328)
<b>Non-current liabilities</b>			
Deferred tax	10	(5,196)	(21,980)
<b>Total liabilities</b>		<u>(80,136)</u>	<u>(93,308)</u>
<b>Net assets</b>		<u>47,917</u>	<u>82,345</u>
<b>Equity</b>			
Called up share capital	11	-	-
Share premium		60,900	60,900
Capital contribution reserve		-	-
Retained Earnings		(12,983)	21,445*
<b>Total equity</b>		<u>47,917</u>	<u>82,345</u>

\*Please see note 14 for additional information regarding the prior year restatement.

The financial statements on pages 12 to 34 were approved by the Board of Directors and authorised for issue on 30/11/2021 and were signed on its behalf by



P Hearne - Director

The notes on pages 16 to 34 form an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

	Note	Called up Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2020 as previously stated		-	60,900	35,423	96,323
Restatement of defined benefit pension asset and associated deferred tax note 14		-	-	(14,203)	(14,203)
As restated	14	-	60,900	21,220	82,120
Loss for the period		-	-	(4,542)	(4,542)
Other comprehensive income for the period		-	-	4,767	4,767
<b>Total comprehensive income for the year</b>		-	-	225	225
<b>Balance at 31 December 2020 as restated*</b>	14	-	60,900	21,445	82,345
Loss for the year		-	-	(3,257)	(3,257)
Other comprehensive income for the year		-	-	(31,171)	(31,171)
<b>Total comprehensive loss for the year</b>		-	-	(34,428)	(34,428)
<b>Balance at 31 December 2021</b>		-	60,900	(12,983)	47,917

Please see note 14 for additional information regarding the prior year restatement. The notes on pages 16 to 34 form an integral part of the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2021**

**1. ACCOUNTING POLICIES**

**1.1 General Information**

The company is incorporated, domiciled and registered in England and Wales, in the UK. The address of its registered office is Unit 1 Finway Road, Hemel Hempstead Industrial Estate, Finway Road, Hemel Hempstead, Hertfordshire, HP2 7PT.

The company operates as an investment holding company.

These financial statements are prepared in sterling, which is the functional currency of the company.

**1.2 Basis of Preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements are prepared under the historical cost convention; and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.5.

The following exemptions from the disclosure requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 – financial instrument disclosures
- IFRS 13 – disclosures of valuation techniques and inputs used for fair value measurements of assets and liabilities
- IAS 1 – information on management of capital
- IAS 7 – statement of cash flows
- IAS 8 – disclosures in respect of new standards and interpretations that have been issued but are not yet effective
- IAS 24 – disclosure of key management compensation and for related party disclosures entered into between two or more wholly owned members of a group

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**ACCOUNTING POLICIES (continued)**

**1.3 Going concern**

The company operates as an investment holding company as well as a management service company for the UK Group ('UK Group' is defined as the company and its subsidiary undertakings. The UK Group is part of the Selecta Group BV which is referred to hereon as 'the Group').

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared based and downside cash flow forecasts for the period of at least 12 months from the date of approval of the financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Selecta AG, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Selecta AG not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £74,645,070 and providing additional financial support during that period. Selecta AG has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Selecta AG has successfully raised additional finance from its existing shareholders to support the group through the impact on the Coronavirus outbreak.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**ACCOUNTING POLICIES (continued)**

**1.4 Significant accounting policies**

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**(a) Accounting Convention**

The financial statements are prepared under the historical cost convention.

**(b) Translation of Foreign Currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the year-end date. Transactions in currencies other than Sterling are translated at the rates ruling at the dates of the transactions. All exchange differences are recognised in the income statement.

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

**(c) Investments**

Investments held as fixed assets are stated at cost less any provision for impairment in value.

**(d) Taxation**

Current tax is provided by applying the current tax rate to the result for the financial year, as adjusted for applicable losses carried forward, exempt profit elements, non-deductible costs and group relief available.

Deferred taxation is provided in full on all temporary differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

**(e) Pensions**

Pensions to United Kingdom employees are funded through contributions to the Selecta (UK) Pension Plan.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021****ACCOUNTING POLICIES (continued)***Pension obligations*

A defined contribution plan is a pension plan under which the UK Group pays fixed contributions into a separate entity. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit asset is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit asset is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

**(f) Consolidation**

The financial statements contain information about Selecta UK Holding Limited as an individual company and do not contain consolidated financial information as the parent of a UK group. Ordinarily, the company is entitled to claim exemption from the preparation of consolidated financial statements under section 401 of the Companies Act 2006, due to it being included within the consolidated financial statements of its parent, Selecta Group BV, a company incorporated in The Netherlands. However, as those consolidated financial statements of Selecta Group BV were not filed with the Registrar of Companies by the statutory filing deadline for this Company, the exemption does not apply for the year ended 31 December 2021. Accordingly, the Company is required under Companies Act 2006 to prepare consolidated financial statements. The Directors of the Company have elected not to prepare such consolidated financial statements on the grounds that:

- Doing so would take a significant amount of extra time, which would cause a further delay to the filing of these financial statements at Companies House, when these financial statements are already overdue for filing, despite the efforts of the Directors to avoid them being late;
- Had the financial statements been filed by the filing deadline, being a relatively short period of time before these financial statements were actually approved, then there would be no requirement for the Company to prepare consolidated financial statements, in any event;
- Taking both factors into account, the Directors are of the view that preparing consolidated financial statements for the Company would not be in the best interests of the Company as a whole.

Accordingly, the auditors have issued a qualified audit opinion.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**1.5 Critical accounting estimates and judgments**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**ACCOUNTING POLICIES (continued)**

**Impairment of investments**

The company performs an annual impairment review of the underlying businesses to determine if the value of the investment is impaired. These reviews include estimates of future cash flows and/or net assets, where appropriate, for each of the investments. See note 6 for the details of these companies.

**Pensions**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based, in part, on current market conditions.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**2. OPERATING PROFIT / (LOSS)**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Operating profit / (loss) is stated after charging / (crediting):		
Exchange loss / (gain)	(1,299)	978
Non-recurring items*	-	440
Auditor remuneration is as follows:		
- audit of the financial statements	37	13
- non-audit fees	-	-

\* There was no non-recurring items in the year (2020: £440,000 ).

**3. FINANCE CHARGES**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Finance Income</b>		
Interest receivable from fellow subsidiary undertakings	340	348
Interest income on pension plan asset	3,718	4,968
	<u>4,058</u>	<u>5,316</u>
<b>Finance Charge</b>		
Interest cost on defined benefit obligation	(2,838)	(3,813)
Finance costs payable to fellow subsidiary undertakings	(4,851)	(3,775)
	<u>(7,689)</u>	<u>(7,588)</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Directors' emoluments	670	752
Company contributions to defined contribution pension schemes	7	-
	<u>677</u>	<u>752</u>

The emoluments of the highest paid director for the year ended 31 December 2021 were £321,379 (2020: £336,042) excluding pension contributions of £3,520 (2020: £Nil). During the period amounts totalling £25,000 (2020: £166,666) were paid to one director for compensation for loss of office.

No directors had retirement benefits accruing under defined benefit schemes during the period in either year.

There were no persons employed by the company during the year.

**5. INCOME TAX EXPENSE**

There has been no current tax charge for year ended 31 December 2021 ( 2020: £ nil)

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss on ordinary activities before taxation	(3,257)	(4,542)
Tax on profit / (loss) on ordinary activities at standard rate of 19% (2020: 19%).	(619)	(863)
<i>Factors affecting charge for the year:</i>		
Tax losses arising in the year not recognised	619	779
Expenses not deductible for tax purposes	-	84
Total charge for the year	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**5. INCOME TAX EXPENSE (continued)**

**Factors affecting current and future tax charges**

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2020: 19%).

Tax expense included in other comprehensive income:

	Year ended 31 December 2021	Year ended 31 December 2020 as restated*
	£'000	£'000
Deferred tax:		
Movement relating to pension scheme	16,784	(2,590)
	<u>16,784</u>	<u>(2,590)</u>

**6. INVESTMENTS**

	Shares in Subsidiary Undertakings £'000
<b>COST</b>	
At 1 January 2020	107,228
Additions	-
Disposals	-
At 31 December 2021	<u>107,228</u>
<b>PROVISION FOR IMPAIRMENT</b>	
At 1 January 2020	-
Impairment of Investments	-
Disposals	-
At 31 December 2021	<u>-</u>
<b>NET BOOK AMOUNT</b>	
At 31 December 2021	<u>107,228</u>
At 31 December 2020	<u>107,228</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**



**For the year ended 31 December 2021****6. INVESTMENTS (continued)**

As part of a group reorganisation, the company acquired 100% of the equity of Express Vending Limited during the previous period.

The directors consider that that carrying value of the investments is supported by their underlying net assets. All the above investments are unlisted.

Details of the subsidiaries are as follows:

**SUBSIDIARY COMPANIES**

	<u>Registered Office</u>	<u>Nature of business</u>	<u>Nature of interest</u>
Selecta UK Limited	(1)	Vending	Direct
Selecta Ireland Vending Solutions Limited	(2)	Vending	Direct
Selecta Refreshments Limited	(1)	Dormant	Direct
Express Vending Limited	(1)	Dormant	Direct

(1) Unit 1 Finway Road, Hemel Hempstead Industrial Estate, Finway Road, Hemel Hempstead, Hertfordshire, HP2 7PT

(2) 25/28, North Wall Quay, Dublin 1, D01 H104

All subsidiaries are incorporated in the United Kingdom, except for Selecta Ireland Vending Solutions Limited, which is incorporated in the Republic of Ireland.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021****7. PENSIONS**

The Company operates a defined benefit pension scheme in the United Kingdom, which is identified as the Selecta (UK) Pension Plan.

With effect from October 2004 the Plan was closed to new members and to future accrual on 31 March 2015. This resulted in a curtailment in the year ended 29 March 2015. The scheme valuation has been updated by an independent qualified actuary for the year ended 31 December 2021 for IFRS purposes (IAS 19).

In August 2021, the Trustees of the Selecta (UK) Pension Plan completed a £250m full scheme buy in agreement with Legal & General Assurance Society ("L&G") by purchasing a bulk annuity policy and securing the benefit payments of pensioners and deferred members. The transaction is part of the Trustee's strategy to reduce as much of the Plan's exposure to risk as possible and provide long term security to the members of the Plan. Under the bulk annuity policy, the Trustee will receive payments from L&G which it will use to pay pensions and other benefits under the Plan. The buy in also significantly reduces future pension and funding risk from the Company's point of view, providing more business certainty for stakeholders and aligns with actions taken in supporting and securing members benefits

A number of subsidiaries in the United Kingdom are participating employers in the Plan. Individual companies are unable to identify their share of the underlying assets and liabilities as each employer is exposed to the actuarial risks associated with current and former employees of other entities that have participated in the Plan over its lifetime. Selecta UK Holding Limited is the sponsoring employer.

As at 31 December 2021, the surplus of assets over liabilities in the Plan amounts to £15,200,000 (2020: £62,800,000).

The most recent valuation according to local regulation was carried out with a reference date of 31 March 2018. As this valuation showed a funding surplus, the Company has agreed with the Trustee of the Plan that annual deficit funding payments would cease from May 2019.

If the Plan's assets become insufficient to cover the benefits promised to members in the future the Company might need to recommence its contributions. The assets of the Plan are held in a trust and are separate from those of the Company.

**Event of Wind-Up**

In the event that the Plan is wound up, then Selecta UK Holding Limited will be responsible for 100% of any deficit in funding level. It has been further agreed that if the scheme is in surplus when it is finally closed, any remaining funds will be allocated 100% to Selecta UK Holding Limited.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**7. PENSIONS (continued)**

The amounts recognised in the statement of financial position and the movements in the net defined benefit asset over the year are as follows:

	<b>31 December 2021 £'000</b>	<b>31 December 2020 £'000 as restated *</b>
Defined Benefit Obligation	(215,800)	(216,500)
Assets	231,000	279,300
Net defined benefit asset	15,200	62,800

The movements in the net defined benefit asset are as follows:

	<b>31 December 2021 £'000</b>	<b>31 December 2020 £'000 as restated *</b>
Opening Net defined benefit asset	62,800	55,400
Total amount recognised in the income statement	355	43
Cash contributions	-	-
Amounts recognised in other comprehensive income	(47,955)	7,357
Closing net defined benefit asset	15,200	62,800

The movements in the Plan assets are as follows:

	<b>31 December 2021 £'000</b>	<b>31 December 2020 £'000</b>
Opening plan assets	279,300	252,900
Interest income on plan assets	3,719	4,968
Company contributions	-	-
Benefits paid	(7,936)	(9,126)
Return on plan assets	(44,083)	30,558
Closing plan assets	231,000	279,300

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2021**

**7. PENSIONS (continued)**

The movements in the Plan obligations are as follows:

	<b>31 December 2021 £'000</b>	<b>31 December 2020 £'000 * as restated</b>
Opening plan obligations	216,500	197,500
Past service cost / (credit)	525	1,112
Interest cost on defined benefit obligation	2,838	3,813
Benefits paid	(7,935)	(9,126)
Changes in financial & demographic assumptions	(600)	25,000
Experience losses/(gains)	4,472	(1,799)
Closing plan obligations	<u>215,800</u>	<u>216,500</u>

Amounts included in the income statement are as follows:

	<b>31 December 2021 £'000</b>	<b>31 December 2020 £'000</b>
Past service cost – Guaranteed Minimum Pension equalisation	-	(440)
Past Service Credit	-	-
Administration Costs	(525)	(672)
Net interest income	<u>880</u>	<u>1,155</u>
Total amount recognised in the income statement	<u>355</u>	<u>43</u>

Amounts included in other comprehensive income are as follows:

	<b>31 December 2021 £'000</b>	<b>31 December 2020 £'000</b>
Return on plan assets, excluding amounts included in interest income/(expense)	(44,083)	30,558
Changes in demographic assumptions	(7,000)	-
Changes in financial assumptions	7,600	(25,000)
Experience (losses) / gains	(4,472)	1,799
Total amount recognised in other comprehensive income	<u>(47,955)</u>	<u>7,357</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2021****7. PENSIONS (continued)****Actuarial assumptions**

The key actuarial assumptions used in the calculation of the defined benefit obligations are as follows.

	31 December 2021	31 December 2020
	%	%
Discount rate	1.80	1.35
Inflation	3.30	2.90
Salary growth rate	-	-
Pension growth rate	1.60-3.20	1.60-2.85

In the UK plan specific mortality (VITA) curves with allowance for future improvements in line with (CMI 2017) projections are used. This includes a long-term improvement rate of 1.5% p.a. for both males and females, calibrated to VITA experience assuming "peaked" short term improvements and that the improvements decline at the oldest ages.

Assumptions regarding future mortality are set based on published statistics and experiences in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

**31 December 2021**

Retiring at the end of the reporting period

- Male	22.6
- Female	24.5

Retiring 20 years after the end of the reporting period:

- Male	23.5
- Female	26.3

**Sensitivity analysis**

Through its defined benefit pension plans, the Company is exposed to a number of risks. The most significant of which are detailed below:

*Asset volatility:* The plan liabilities are calculated using a discount rate set with reference to AA corporate bond yields; if plan assets underperform this yield, this will create a deficit.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

*Changes in bond yields:* A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2021****7. PENSIONS (continued)**

*Inflation risks:* Some of the Company's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

*Life expectancy:* The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is included in the tables below while holding all other assumptions constant.

No adjustments have been made to mortality assumptions at year end to reflect the potential effects of COVID-19 as the actual plan experience is not yet available and as it is too soon to make a judgement on the impact of the pandemic on future mortality improvements. The mortality experience analysis for the schemes will be carried out in the future as part of the upcoming funding valuations.

	31 December 2021	
	Change in assumption	Impact on DBO
Discount rate	-0.5%	+9%
Inflation	+0.5%	+5%
Life expectancy	+ 1 year	+4%

The impact of opposite changes in the assumptions are roughly the same.

**Plan assets**

The assets of all defined benefit plans consisted of the following:

	31.12.2021 £'000	31.12.2020 £'000	2021 %	2020 %
Insurance contracts	210,827		91	
Debt instruments	12,815	265,500	6	95
Cash and cash equivalents	7,358	13,800	3	5
Total	231,000	279,300	100	100

The plan assets do not include any directly owned financial instruments issued by the Company.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021****8. TRADE AND OTHER RECEIVABLES**

	<b>31 December 2021 £'000</b>	<b>31 December 2020 £'000</b>
Amounts owed by subsidiary undertakings	5,540	5,430
Other receivables	57	35
	<u>5,597</u>	<u>5,465</u>

Amounts owed by subsidiary undertakings have no fixed repayment dates and bear interest at 8% per annum (2020: 8% per annum).

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December 2021 £'000</b>	<b>31 December 2020 £'000</b>
Trade payables	218	175
Amounts owed to group undertakings:		
- parent undertakings	-	-
- subsidiary undertakings	-	-
- fellow group companies	74,645	70,890
Accruals and deferred income	77	263
	<u>74,940</u>	<u>71,328</u>

Amounts owed to group undertakings have no fixed repayment dates and bear interest at 8% per annum (2020: 8% per annum).

**SELECTA UK HOLDING LIMITED****Company No: 00209116****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021****10. DEFERRED TAX**

Provisions relate to deferred tax arising as a result of the pension scheme assets and liabilities.

	31 December 2021 £000	31 December 2020 as restated* £000
At 1 January	(21,980)	(19,390)
Charge to other comprehensive income	16,784	(2,590)
At 31 December	(5,196)	(21,980)

**11. CALLED UP SHARE CAPITAL****£'000**

Allotted, called up and fully paid:

At 31 December 2020 (101 Ordinary shares of £1 each)

At 31 December 2021 (101 Ordinary shares of £1 each)

**12. RELATED PARTY TRANSACTIONS**

Normal trading transactions occur between the company and companies within the Selecta Group BV. The consolidated financial statements of Selecta Group BV are publicly available and accordingly, as a result of the exemption allowed by FRS 101, no disclosure of these transactions is made in the company's financial statements.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**13. UNRECOGNISED DEFERRED TAX**

	31 December 2021 £'000	31 December 2020 £'000
The deferred tax asset unrecognised is as follows:		
Tax losses	9,130	9,363
Capital Allowances	497	373
Other differences	1,975	-
	11,602	9,736

Unrecognized other deferred tax differences composed by £88,750 temporary difference from pension scheme and £2,064,118 from corporate interest restriction. Deferred tax assets have not been recognised as the Directors do not believe there is sufficient evidence that these will be recovered through the generation of taxable profit in the near future.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**14. Prior year adjustment related to pensions and related deferred tax**

During the buy-in process and ongoing data true-up, it was identified that there was an omission in the previously disclosed defined benefit pension scheme obligation for certain members on specific benefit matters which resulted in the net defined benefit asset being overstated. At this time, the best estimate of these items is £2.7m, pending completion of data testing and as such subject to change in future years. Given the status of the pension scheme (being closed to new members and to future accrual since March 2015), and due to the nature of the understatement, judgement has been applied to allocating all of this prior year adjustment to 2019 and prior years.

In the directors' assessment of the above understatement of the defined benefit pension obligation, it was identified that the rate of tax at which the deferred tax liability was measured did not represent the manner in which the Company expects to recover the net defined benefit asset. In 2019, the Company agreed with the Trustee of the Plan that annual deficit funding payments would cease from May 2019 and the Company has an unconditional right to a refund on any remaining surplus. As a result, it was not expected that the Company would recover the net defined benefit asset through reduced contributions, but rather via a refund. As such, the Directors considered it more appropriate for the related deferred tax liability to be measured at 35%, representing the tax levied on the trustees, rather than the prevailing rate of corporation tax. As a result, the deferred tax liability has been understated from the year ended 31 December 2019 and there is an adjustment to the reserves as at 31 December 2019 of £10.3m and corresponding increase to the deferred tax provision (as shown in note 10). There is also an adjustment of £2.59m through the OCI for 2020 and corresponding increase in the deferred tax provision. There is no change to the deferred tax in the income statement as not material.

**Changes to the statement of financial position as at 31 December 2020**

	As previously Reported	Adjustment at 31 Dec 2019	Adjustment at 31 Dec 2020	As restated
	£'000	£'000	£'000	£'000
Net defined benefit asset	65,500	(2,700)	-	62,800
Non-current assets	172,728	(2,700)	-	170,028
Total assets	178,353	(2,700)		175,653
Deferred tax	(9,074)	(11,503)	(1,403)	(21,980)
Total Liabilities	(80,402)	(11,503)	(1,403)	(93,308)
<b>Net assets</b>	<b>97,951</b>	<b>(14,203)</b>	<b>(1,403)</b>	<b>(82,345)</b>
Retained earnings	37,051	(14,203)	(1,403)	21,445
<b>Total equity</b>	<b>97,951</b>	<b>(14,203)</b>	<b>(1,403)</b>	<b>82,345</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2021**

**14. Prior year adjustment related to pensions and related deferred tax (continued)**

**Changes to other Comprehensive Income for the year ended 31 December 2020**

	As previously reported	Adjustment in 2020	As restated
Loss for the financial year	(4,542)	-	(4,542)
Remeasurement of defined benefit pension scheme	7,357		7,357
Deferred tax credit on remeasurement of defined benefit pension scheme	(1,187)	(1,403)	(2,590)
Other comprehensive income	6,170	(1,403)	4,767
Total comprehensive income/(loss)	1,628	(1,403)	225

**15. EVENTS AFTER THE BALANCE SHEET DATE**

There are no events required to be disclosed after balance sheet date.

**16. ULTIMATE PARENT COMPANY**

Selecta Group BV is the intermediate parent company and parent of the largest and smallest Group for which consolidated financial statements are drawn up for the financial year ended 31 December 2021 and of which the Company is a member. Selecta Group BV is a company incorporated in The Netherlands, (Company Number: KvK-nummer 34256233).

The financial statements can be obtained from:

Selecta Group BV  
 Spicalaan 39  
 2132 JG Hoofddorp  
 The Netherlands