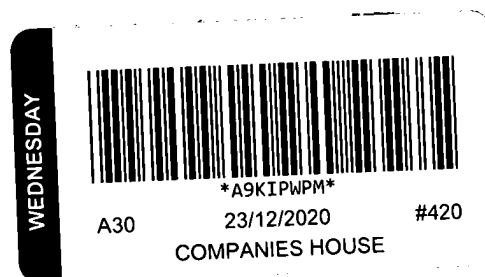


Registered Number 562269

Swizzels Matlow Limited  
Annual report and financial statements  
for the year ended 31 December 2019



# Swizzels Matlow Limited

## Annual report and financial statements for the year ended 31 December 2019

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# Swizzels Matlow Limited

## Strategic report for the year ended 31 December 2019

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

### Review of business

Swizzels Matlow Limited and its subsidiaries ('the Group') remains one of the UK's leading manufacturers of children's confectionery supplying customers both in the UK and around the world.

The Group continues to invest heavily in new manufacturing and packaging equipment in order to expand its capacity and improve efficiency and product quality. Group turnover increased by 1% to £78,611,000 (2018: £77,780,000), with the operating profit decreasing to £10,088,000 (2018: £10,935,000). The Group's profit before taxation for the year was £10,582,000 (2018: £11,303,000), with after tax profits of £8,605,000 (2018: £9,240,000) being transferred to reserves. The directors recommended and paid a dividend of £600,000 in 2019 (2018: £600,000). Net assets at 31 December 2019 were £59,170,000 (2018: £50,313,000).

### Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business factors affecting the Group are considered to relate to competition from both UK and international manufacturers, aggressive pricing policies from major customers and changes in both raw material prices and utility costs.

The Group continues to monitor the ongoing Brexit negotiations, particularly with respect to the availability of key raw materials and the potential impact of changes to both import and export tariffs on its business.

### Covid-19

In line with many other businesses operating in the manufacture, sale and distribution of food products the recent COVID-19 outbreak and the subsequent lockdown enforced by the government on 23 March 2020 will impact on the Group's results for the current year.

However the Group has been able to maintain its manufacturing operation throughout the lockdown and the directors believe that the impact on the business will be temporary. The Group has strong cash reserves and cashflow and the directors continue to be satisfied that the Group is a going concern.

### Section 172 Statement

The directors are fully aware of their duty under section 172(1) of the Companies Act 2006 to act in a way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. The directors consider that, during the year to 31 December 2019, they have acted fairly between members having regard to the long term and the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when taking decisions.

Examples of how the directors have performed their duties as outlined in Section 172(1)(a)-(f) include : *Interests of the Group's employees* – the Group has policies in place and takes actions in relation to employee engagement, development and health and safety; *Business relationships* – the directors use a variety of sources to gauge the needs of our customers with the aim of understanding our customers' views in relation to our performance; *The future* – Looking forward the directors will focus on the continuous improvement of services to our customers both in terms of supplying high quality products and first class levels of customer service.

The directors continually seek to maintain and develop strong and mutually beneficial relationships with the Group's suppliers and customers and are committed to complying with all applicable local laws and regulations including in relation to modern slavery, human trafficking and anti-bribery and corruption.

# Swizzels Matlow Limited

## Strategic report for the year ended 31 December 2019 (continued)

### Key performance indicators (“KPIs”)

Given the relatively straightforward nature of the business, the Group’s directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### By order of the Board



I Walker  
Company Secretary  
21 October 2020

# Swizzels Matlow Limited

## Directors' report for the year ended 31 December 2019

The directors present their report together with the audited financial statements of the Group and Company for the year ended 31 December 2019.

### Results, dividends and future developments

The results for the year ended 31 December 2019 are set out in the consolidated profit and loss account on page 8. Further disclosure is contained in the strategic report on page 1. The directors recommended and paid a dividend of £600,000 in 2019 (2018: £600,000). The market is expected to remain extremely price competitive, but the directors are confident in the Group's ability to continue to grow its business and maintain its key position in the children's confectionery market in the future.

### Land and buildings

The market value of land and buildings is, in the opinion of the directors, likely to be higher than their book value.

### Research and development

The Group continues to research new products together with the development of its existing product range, including ingredient and packaging innovation.

### Charitable and political donations

Contributions for charitable purposes made during the year amounted to £44,568 (2018: £34,863). No political contributions were made in either year.

### Disabled persons

The Group's policy on the employment of disabled persons is founded on the belief that disabled persons do not belong to a single category, and that such people should have the same consideration as others for all job vacancies for which they apply as suitable candidates. Depending on their own skills and abilities, disabled persons have the same career prospects and opportunities for promotion as other employees. Special attention is also paid to the training and other needs of anyone who becomes disabled whilst employed by the Group.

### Financial risk management

The nature of the Group's operations limit its exposure to financial risks, this includes the effects of changes in market prices, credit risk and liquidity risk. The Group has some exposure to commodity price risk in terms of raw material costs, these are actively managed on an ongoing basis in order to minimise any potential price risk. The Group monitors credit risk closely and considers that its current policy of credit checks meets its objective of managing exposure to credit risk. The Group has no significant concentrations of credit risk. The Group currently has no long-term debt finance and maintains sufficient funds, in the form of cash and cash equivalents, to ensure sufficient funds are available for operations. The financial risk management policies set by the directors are implemented by the Group's finance department.

### Employees

The welfare and development of the Group's employees is of the highest importance to the directors and the Group continues its practice of keeping all its employees informed on matters affecting them.

### Directors

The directors who served during the year and up to the date of approval of the financial statements were as follows:

TJLW Matlow

BN Dee

JM Dee

JA Dee

NR Wertheim

# Swizzels Matlow Limited

## Directors' report for the year ended 31 December 2019 (continued)

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Disclosure of information to auditors

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

### By order of the Board



I Walker  
Company Secretary  
21 October 2020

# **Swizzels Matlow Limited**

## **Independent auditors' report to the members of Swizzels Matlow Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Swizzels Matlow Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Consolidated balance sheet and Company balance sheet as at 31 December 2019; the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; the accounting policies for the year ended 31 December 2019; and the notes to the financial statements.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# Swizzels Matlow Limited

## Independent auditors' report to the members of Swizzels Matlow Limited (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



## **Swizzels Matlow Limited**

### **Independent auditors' report to the members of Swizzels Matlow Limited (continued)**

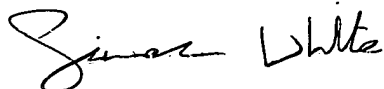
#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Simon White (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
27 October 2020

# Swizzels Matlow Limited

## Consolidated profit and loss account for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	1	78,611	77,780
Cost of sales		(56,789)	(56,218)
<b>Gross profit</b>		<b>21,822</b>	<b>21,562</b>
Distribution costs		(6,403)	(5,584)
Administrative expenses		(5,691)	(5,278)
Other operating income		360	235
<b>Operating profit</b>		<b>10,088</b>	<b>10,935</b>
Other finance expense	18	(539)	(549)
Interest receivable and similar income	2	1,034	918
Interest payable and similar expenses		(1)	(1)
<b>Profit before taxation</b>	3	<b>10,582</b>	<b>11,303</b>
Tax on profit	6	(1,977)	(2,063)
<b>Profit for the financial year</b>		<b>8,605</b>	<b>9,240</b>

All amounts within the profit and loss account for the year ended 31 December 2019 relate to continuing operations.

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

## Swizzels Matlow Limited

### Consolidated statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Profit for the financial year		8,605	9,240
Actuarial gain recognised in the pension scheme	18	1,029	209
Movement on deferred tax relating to actuarial gain	17	(175)	(35)
Foreign currency translation loss		(2)	-
Total comprehensive income for the financial year		9,457	9,414

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

# Swizzels Matlow Limited

## Consolidated balance sheet as at 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Tangible assets	9		26,044		22,516
Investments	10		1,946		1,946
			<u>27,990</u>		<u>24,462</u>
<b>Current assets</b>					
Stocks	11	12,029		8,862	
Debtors	12	12,548		12,109	
Cash at bank and in hand		33,018		32,743	
		<u>57,595</u>		<u>53,714</u>	
Creditors – amounts falling due within one year	13	(13,962)		(13,486)	
<b>Net current assets</b>			<u>43,633</u>		<u>40,228</u>
<b>Total assets less current liabilities</b>			<u>71,623</u>		<u>64,690</u>
Creditors – amounts falling due after more than one year	14		(1)		(4)
<b>Provisions for liabilities</b>					
Deferred taxation	17		462		1,269
Pension liability	18		(12,914)		(15,642)
<b>Net assets</b>			<u>59,170</u>		<u>50,313</u>
<b>Capital and reserves</b>					
Called up share capital	20		38		38
Revaluation reserve			76		84
Profit and loss account			59,056		50,191
<b>Total shareholders' funds</b>			<u>59,170</u>		<u>50,313</u>

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

The financial statements on pages 8 to 37 were approved by the board of directors on 21 October 2020 and were signed on its behalf by:



Director J A Dee

Company number 562269

# Swizzels Matlow Limited

## Consolidated statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Revaluation reserve	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
<b>Balance as at 1 January 2018</b>	<b>38</b>	<b>87</b>	<b>41,374</b>	<b>41,499</b>
Profit for the financial year	-	-	9,240	9,240
Dividend paid (Note 8)	-	-	(600)	(600)
Actuarial gain on pension scheme	-	-	209	209
Movement on deferred tax relating to actuarial gain	-	-	(35)	(35)
Transfer of depreciation	-	(4)	4	-
Foreign currency translation gain/(loss)	-	1	(1)	-
<b>Balance as at 31 December 2018</b>	<b>38</b>	<b>84</b>	<b>50,191</b>	<b>50,313</b>
<b>Balance as at 1 January 2019</b>	<b>38</b>	<b>84</b>	<b>50,191</b>	<b>50,313</b>
Profit for the financial year	-	-	8,605	8,605
Dividend paid (Note 8)	-	-	(600)	(600)
Actuarial gain on pension scheme	-	-	1,029	1,029
Movement on deferred tax relating to actuarial gain	-	-	(175)	(175)
Transfer of depreciation	-	(4)	4	-
Foreign currency translation gain/(loss)	-	(4)	2	(2)
<b>Balance as at 31 December 2019</b>	<b>38</b>	<b>76</b>	<b>59,056</b>	<b>59,170</b>

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

# Swizzels Matlow Limited

## Company balance sheet as at 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Tangible assets	9		25,928		22,393
Investments	10		2,372		2,744
			<u>28,300</u>		<u>25,137</u>
<b>Current assets</b>					
Stocks	11	11,910		8,740	
Debtors	12	12,454		12,238	
Cash at bank and in hand		32,925		32,652	
		<u>57,289</u>		<u>53,630</u>	
Creditors – amounts falling due within one year	13	(13,852)		(13,340)	
<b>Net current assets</b>			<u>43,437</u>		<u>40,290</u>
<b>Total assets less current liabilities</b>			<u>71,737</u>		<u>65,427</u>
Creditors – amounts falling due after more than one year	14		(772)		(775)
Deferred taxation	17		462		1,269
Pension liability	18		(12,914)		(15,642)
<b>Net assets</b>			<u>58,513</u>		<u>50,279</u>
<b>Capital and reserves</b>					
Called up share capital	20		38		38
Profit and loss account			58,475		50,241
<b>Total shareholders' funds</b>			<u>58,513</u>		<u>50,279</u>

The amount of the profit for the year recognised in the financial statements of the parent company is £7,980,000 (2018: £9,258,000).

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

The financial statements on pages 8 to 37 were approved by the board of directors on 21 October 2020 and were signed on its behalf by:



Director J A Dee

Company number 562269

# Swizzels Matlow Limited

## Company statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
<b>Balance as at 1 January 2018</b>	<b>38</b>	<b>41,409</b>	<b>41,447</b>
Profit for the financial year (Note 7)	-	9,258	9,258
Dividend paid (Note 8)	-	(600)	(600)
Actuarial gain on pension scheme	-	209	209
Movement on deferred tax relating to actuarial gain	-	(35)	(35)
<b>Balance as at 31 December 2018</b>	<b>38</b>	<b>50,241</b>	<b>50,279</b>
<b>Balance as at 1 January 2019</b>	<b>38</b>	<b>50,241</b>	<b>50,279</b>
Profit for the financial year (Note 7)	-	7,980	7,980
Dividend paid (Note 8)	-	(600)	(600)
Actuarial gain on pension scheme	-	1,029	1,029
Movement on deferred tax relating to actuarial gain	-	(175)	(175)
<b>Balance as at 31 December 2019</b>	<b>38</b>	<b>58,475</b>	<b>58,513</b>

The accounting policies and notes on pages 15 to 37 form part of these financial statements.

# Swizzels Matlow Limited

## Consolidated cash flow statement for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Net cash from operating activities</b>	22	<b>6,567</b>	11,982
Taxation paid		(1,397)	(1,658)
<b>Net cash generated from operating activities</b>		<b>5,170</b>	10,324
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(5,378)	(3,982)
Interest received and other income		1,017	909
Interest element of finance lease payments		(1)	(1)
Sale of tangible fixed assets		62	13
<b>Net cash used in investing activities</b>		<b>(4,300)</b>	(3,061)
<b>Cash flow from financing activities</b>			
Dividend paid		(600)	(600)
Capital element of financial lease payments		(3)	(3)
<b>Net cash used in financing activities</b>		<b>(603)</b>	(603)
<b>Net increase in cash and cash equivalents</b>	22	<b>267</b>	6,660
Cash and cash equivalents at the beginning of the year		32,743	26,083
<b>Cash and cash equivalents at the end of the year</b>		<b>33,010</b>	32,743
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		33,018	32,743
Overdrafts		(8)	-
<b>Cash and cash equivalents</b>		<b>33,010</b>	32,743

The accounting policies and notes on pages 15 to 37 form part of these financial statements.



# Swizzels Matlow Limited

## Accounting policies for the year ended 31 December 2019

### Accounting convention

The financial statements of Swizzels Matlow Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006, under the provision of the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980). The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. As part of the process the directors carry out a detailed cash flow analysis to determine that accounting on a going concern basis is appropriate and in spite of the current pandemic the directors are satisfied that the Group meet this requirement.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise their judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed.

### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company’s shareholders.

The company is a qualifying entity as per FRS 100 and has taken advantage of the following disclosure exemptions of FRS 102 section 1:

- (i) from preparing a statement of cash flows, on the basis that the consolidated statement of cash flows of Swizzels Matlow Limited, includes the company’s cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures of Swizzels Matlow Limited;
- (iii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

### Consolidation

The consolidated profit and loss account and consolidated balance sheet include the financial statements of the parent company and its subsidiaries for the year ended 31 December 2019. The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

When businesses are acquired or sold during the year, their results are included from or to the date on which control passes. In prior years, goodwill, representing the excess of purchase consideration over the fair value of the net tangible assets acquired, was set against reserves in the year in which it arose.

# Swizzels Matlow Limited

## Accounting policies for the year ended 31 December 2019 (continued)

### Turnover

Turnover comprises the invoice value, excluding value added tax, of goods supplied to customers less any amounts expensed in respect of volume rebates and discounts in respect of these goods. Revenue is recognised when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity.

### Fixed assets

Fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses including, where applicable, the cost of own labour and attributable overheads.

Fixed assets are depreciated over their estimated useful lives, at the following annual rates:

Buildings	2% - 4% straight line
Plant and machinery	5% - 33 <sup>1</sup> / <sub>3</sub> % straight line
Motor vehicles	25% reducing balance
Fixtures and fittings	10% - 20% straight line

Freehold land is not depreciated.

The company took advantage of the following election when preparing its first financial statements conforming to FRS 102. The election was made to measure a building asset on the date of transition to FRS 102 at its fair value and use that fair value as its deemed cost at that date. Professional valuers were used to determine an open market value, which was taken as the appropriate fair value.

### Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of labour and attributable overheads, and net realisable value.

### Investments

In the company's financial statements, investments in group undertakings are stated at cost less accumulated impairment losses. A company is treated as an associated undertaking when the group has a participating interest in its equity share capital and exercises a significant influence over operating and financial policy.

### Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at a rate expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in different periods from those in which they are included in the financial statements.

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### Foreign currency translation

Assets and liabilities in the company's balance sheet denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains and losses on trading transactions and the retranslation of assets and liabilities are reflected in the profit and loss account.

The foreign currency balance sheets and profit and loss accounts of overseas subsidiaries are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange differences arising from the retranslation of the opening net investment in overseas subsidiaries are shown as a movement on reserves.

# **Swizzels Matlow Limited**

## **Accounting policies for the year ended 31 December 2019 (continued)**

### **Research and development**

Expenditure on research and development is written off as incurred.

### **Pensions**

The group operates a defined benefit scheme under which contributions are paid by the company to meet long term pension liabilities. The group also contributes to the employees individual pension plans on a defined contribution basis.

The amounts charged to operating profit, as part of employee costs, except where included in the cost of an asset, comprises: (a) the increase in pension benefit liability arising from employee service during the period; and (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as 'other finance expense'.

Actuarial gains and losses arising from the experience and changes in actuarial assumptions are recognised immediately in the statement of comprehensive income.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The resulting defined benefit asset or liability recognised in the balance sheet is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date, and is presented separately on the face of the balance sheet.

### **Leases**

Assets held under finance leases are included in fixed assets and the related obligations to pay future lease amounts are included in creditors. Interest on finance leases is charged to the profit and loss account to give a constant periodic rate of charge on the outstanding balance. Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

### **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

### **Critical accounting judgements and estimation uncertainties**

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.

The Group has obligations to pay pension benefits to certain current and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 18 for further details of the key pension estimates.

In terms of critical accounting judgements the directors have not made any such judgements in the preparation of these accounts.

# **Swizzels Matlow Limited**

## **Accounting policies for the year ended 31 December 2019 (continued)**

### **Financial Instruments**

#### **(i) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are recognised at transaction price. Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019

### 1 Turnover

The directors consider the group's business to comprise one segment. The group's turnover, profit before taxation and net assets can be analysed as follows:

Class of business	2019			2018		
	Turnover	Profit before taxation	Net assets	Turnover	Profit before taxation	Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
Confectionery	78,611	10,582	59,170	77,780	11,303	50,313

The analysis of the group's turnover by destination is as follows:

	2019	2018
	£'000	£'000
United Kingdom	69,182	67,624
Europe	7,992	8,632
Rest of the World	1,437	1,524
	78,611	77,780

### 2 Interest receivable and similar income

	2019	2018
	£'000	£'000
Bank interest receivable	131	125
Investment income	196	145
Other income	707	648
	1,034	918

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 3 Profit before taxation

This is stated after (crediting)/charging the following:

	2019	2018
	£'000	£'000
Staff costs (see note 5)	22,038	20,889
Depreciation		
Owned assets	1,807	1,588
Leased assets	3	3
Auditors' remuneration		
Audit services – Fees payable to company auditors for the audit of parent company and consolidated financial statements	50	48
Audit services – Audit of company's subsidiaries pursuant to legislation	19	11
Exchange losses/(gains)	314	(120)
Operating lease rentals - other	357	333
- fixtures and fittings	32	32
Research and development expenditure	100	80
Profit on sale of fixed assets	(29)	(8)

### 4 Directors' emoluments and key management compensation

#### Directors' emoluments

	2019	2018
	£'000	£'000
Directors' emoluments	2,516	2,444

The number of directors who received emoluments in 2019 was 5 (2018: 5).

The number directors to whom retirement benefits have accrued at 31 December 2019 under defined benefit schemes is nil (2018: nil), see note 18. The aggregate emoluments of the highest paid director are £639,000 (2018: £624,000).

The highest paid director has accrued no pension benefit in the year.

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 4 Directors' emoluments and key management compensation (continued)

#### Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services, including directors' emoluments, is detailed as follows:

	2019	2018
	£'000	£'000
Salaries and other short term benefits	2,973	2,891

### 5 Staff costs

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Wages and salaries	19,799	18,848	19,541	18,578
Social security costs	1,921	1,844	1,892	1,815
Other pension costs	318	197	306	184
	22,038	20,889	21,739	20,577

The average number of persons employed by the group during the year was:

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Production	584	559	584	559
Selling and administration	70	71	64	65
	654	630	648	624

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 6 Tax on profit

	2019	2018
	£'000	£'000
<b>Corporation tax</b>		
At 19% on the profit for the year (2018: 19%)	1,340	1,736
Adjustment in respect of previous years	5	(154)
	<b>1,345</b>	<b>1,582</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	712	437
Impact of change in tax rates	(75)	(46)
Adjustment in respect of previous years	(5)	90
	<b>632</b>	<b>481</b>
<b>Total tax (corporation and deferred) on profit</b>	<b>1,977</b>	<b>2,063</b>

The total tax assessed for the year is lower (2018: lower) than the statutory rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£'000	£'000
Profit before taxation	10,582	11,303
Profit multiplied by the standard rate of tax in the UK at 19% (2018: 19%)	2,011	2,147
Effects of:		
Permanent differences	8	16
Impact of change in tax rates	(75)	(46)
Adjustment in respect of tax withheld	11	8
Losses available for carry forward	14	1
Marginal tax relief / small companies rate	8	1
Adjustments in respect of previous years	-	(64)
<b>Total charge for the year</b>	<b>1,977</b>	<b>2,063</b>

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced was to reduce the main rate to 17% from 1 April 2020 and this was substantively enacted in September 2016. As this change was substantively enacted at the balance sheet date its effect is included in these financial statements.



# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 6 Tax on profit (continued)

In the Chancellor's Budget on 11 March 2020 it was confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. This measure (cancelling the enacted cut to 17%) will be made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. As such, it is substantively enacted on the passing of the resolution. The rate will also stay at 19% for the following year. As this change was not substantively enacted at the balance sheet date its effect is not included in these financial statements. However, if it was included the impact would be to increase the recognised deferred tax asset by £55,000.

### 7 Parent company profit and loss account

The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The amount of the profit for the year recognised in the financial statements of the parent company is £7,980,000 (2018: £9,258,000).

### 8 Dividends

	2019	2018
	£'000	£'000
Final paid: £15.69 (2018: £15.69) per £1 share	600	600

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 9 Tangible assets

Group	Freehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost valuation</b>					
At 1 January 2019	9,328	50,534	181	1,594	61,637
Additions	374	4,847	8	149	5,378
Disposals	-	(157)	-	-	(157)
Exchange difference	(7)	-	(1)	(8)	(16)
<b>At 31 December 2019</b>	<b>9,695</b>	<b>55,224</b>	<b>188</b>	<b>1,735</b>	<b>66,842</b>
At cost	9,568	55,224	188	1,735	66,715
At revalued amount	127	-	-	-	127
	<b>9,695</b>	<b>55,224</b>	<b>188</b>	<b>1,735</b>	<b>66,842</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	2,783	34,947	86	1,305	39,121
Charge for the year	176	1,551	28	55	1,810
Disposals	-	(124)	-	-	(124)
Exchange difference	(1)	-	(2)	(6)	(9)
<b>At 31 December 2019</b>	<b>2,958</b>	<b>36,374</b>	<b>112</b>	<b>1,354</b>	<b>40,798</b>
<b>Net book amounts</b>					
<b>At 31 December 2019</b>	<b>6,737</b>	<b>18,850</b>	<b>76</b>	<b>381</b>	<b>26,044</b>
At 31 December 2018	6,545	15,587	95	289	22,516

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 9 Tangible assets (continued)

The freehold land and buildings in the Republic of Ireland were revalued in 1991 on an open market, existing use basis. These properties were then valued at £124,000 at 1 January 2014 by an external valuer using market based evidence for similar properties sold in the local area. The company applied the transition election in section 35 of FRS 102 and used this valuation as deemed cost for certain freehold land and buildings on transition to FRS 102. The deemed cost of freehold land and buildings is being depreciated over the remaining useful lives of the freehold land and buildings, and is included in the balance sheet at a net book amount of £97,000 (2018: £107,000). Had it been stated on an historical cost basis then it would have been included as follows.

	2019	2018
	£'000	£'000
Cost	120	127
Accumulated depreciation	(120)	(127)
Net book amount	-	-

As the assets are depreciated or sold an appropriate transfer will be made from the revaluation reserve to the profit and loss account in equity.

Company	Freehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2019	9,193	50,534	169	1,453	61,349
Additions	374	4,847	8	141	5,370
Disposals	-	(157)	-	-	(157)
<b>At 31 December 2019</b>	<b>9,567</b>	<b>55,224</b>	<b>177</b>	<b>1,594</b>	<b>66,562</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	2,756	34,947	75	1,178	38,956
Disposals	-	(124)	-	-	(124)
Charge for the year	171	1,551	27	53	1,802
<b>At 31 December 2019</b>	<b>2,927</b>	<b>36,374</b>	<b>102</b>	<b>1,231</b>	<b>40,634</b>
<b>Net book amounts</b>					
<b>At 31 December 2019</b>	<b>6,640</b>	<b>18,850</b>	<b>75</b>	<b>363</b>	<b>25,928</b>
At 31 December 2018	6,437	15,587	94	275	22,393

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 9 Tangible assets (continued)

Included in fixed assets are items held under finance leases as follows:

	Group and Company	
	2019	2018
	£'000	£'000
Cost	14	14
Accumulated depreciation	(10)	(7)
Net book amount	4	7

Future capital expenditure contracts not provided for in the financial statements:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Authorised and contracted for	981	1,724	981	1,724

### 10 Investments

Group	Other investments
	£'000
Cost at 1 January 2019 and 31 December 2019	1,946

The other investment is a trade investment and is not accounted for as an associate because the company does not exercise any significant influence over the activities of the company. The investment is stated at cost.

Company	2019	2018
	£'000	£'000
Investment in group undertakings	426	798
Other investments	1,946	1,946
	2,372	2,744

The decrease in investment in group undertakings in the year of £372,000 represents a capital contribution of £128,000 made by Swizzels Matlow Ltd to Swizzels Matlow (Ireland) Ltd on 20 December 2019 offset by a £500,000 provision in respect of the impairment of the investment in Swizzels Matlow (Ireland) Ltd.

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 10 Investments (continued)

#### Investments in group undertakings

	Country of registration or incorporation	Held by company	Held by subsidiaries
<b>Trading companies</b>			
Swizzels Matlow (Ireland) Limited	Republic of Ireland	100%	-
Ordinary shares of €1.27 each, fully paid			
<b>Dormant companies</b>			
Neiman Packaging Limited	England	100%	-
Ordinary shares of £1 each, fully paid			
Printo Wrappings Limited	England	100%	-
Ordinary shares of £1 each, fully paid			
Matlow Brothers Limited	England	100%	-
Ordinary shares of £1 each, fully paid			
Caloy Limited	England	50%	50%
Ordinary shares of £1 each, fully paid			
Chewing Gum Limited	England	-	100%
Ordinary shares of £1 each, fully paid			
Clevedon Confectionery (Blackpool) Limited	England	55%	45%
Ordinary shares of £1 each, fully paid			
Candy International Ltd	England	100%	-
Ordinary share of £1 each, fully paid			
Candy Brokers Ltd	England	100%	-
Ordinary shares of £1 each, fully paid			

The principal activity of Swizzels Matlow (Ireland) Limited during the year was the distribution of confectionery and confectionery related products. The registered address of Swizzels Matlow (Ireland) Limited is Wilton Park House, Wilton Place, Dublin 2, Ireland. The registered address of all the dormant companies is Carlton House, New Mills, High Peak, Derbyshire, SK22 3HA.

#### Other investments

Name	Country of incorporation	Description and proportion of shares
Ce De Candy Incorporated	USA	20% issued ordinary share capital

The principal activities of the investment during the year were the manufacturing and distribution of confectionery and confectionery related products. The registered address of Ce De Candy Incorporated is 1091 Lousons Road, Union, New Jersey, USA.

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 11 Stocks

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Raw and packaging materials and consumables	<b>2,861</b>	2,239	<b>2,861</b>	2,239
Work in progress	<b>1,230</b>	681	<b>1,230</b>	681
Finished goods and goods for resale	<b>7,938</b>	5,942	<b>7,819</b>	5,820
	<b>12,029</b>	8,862	<b>11,910</b>	8,740

The carrying value of stock is stated after a provision for impairment of £165,000 (2018: £200,000).

There is no significant difference between the replacement cost of the stock and its carrying amount.

### 12 Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts recoverable within one year</b>				
Trade debtors	<b>11,716</b>	11,037	<b>11,424</b>	10,632
Amounts owed by group undertakings	-	-	<b>198</b>	534
Other debtors	<b>15</b>	318	<b>15</b>	318
Prepayments and accrued income	<b>817</b>	754	<b>817</b>	754
	<b>12,548</b>	12,109	<b>12,454</b>	12,238

Amounts owed by group undertakings incorporates a provision of £250,000 in respect of the amounts owed by Swizzels Matlow (Ireland) Ltd which may not be recoverable.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 13 Creditors - amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	6,234	5,433	6,164	5,353
Other creditors	2,739	3,081	2,739	3,081
Corporation tax	568	635	568	635
Other taxation and social security	3,655	3,669	3,615	3,603
Obligations under finance leases (note 15)	3	3	3	3
Accruals and deferred income	755	665	755	665
Bank overdraft	8	-	8	-
	13,962	13,486	13,852	13,340

Interest is payable on overdrafts at 1 1/8% to 1 1/2 % over bank base rate.

### 14 Creditors - amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	-	-	771	771
Obligations under finance leases (note 15)	1	4	1	4
	1	4	772	775

Amounts owed to group undertakings were unsecured, interest free and repayable after a period of more than one year.

### 15 Finance lease obligations

Obligations under finance leases are due as follows:

	Group and Company	
	2019	2018
	£'000	£'000
Within one year	3	3
Within two to five years	1	4
	4	7

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 16 Operating lease commitments

At 31 December the group's future minimum lease payments under non-cancellable operating leases were as follows:

	2019		2018	
	Fixtures and fittings	Other	Fixtures and fittings	Other
	£'000	£'000	£'000	£'000
Payment due:				
Not later than one year	19	212	17	239
Later than one year and not later than five years	25	287	38	325
Later than five years	-	1	-	-
	<b>44</b>	<b>500</b>	<b>55</b>	<b>564</b>

At 31 December the company's future minimum lease payments under non-cancellable operating leases were as follows:

	2019		2018	
	Fixtures and fittings	Other	Fixtures and fittings	Other
	£'000	£'000	£'000	£'000
Payment due:				
Not later than one year	19	212	17	226
Later than one year and not later than five years	25	287	38	325
Later than five years	-	1	-	-
	<b>44</b>	<b>500</b>	<b>55</b>	<b>551</b>



# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 17 Deferred taxation

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	<b>(1,269)</b>	<b>(1,785)</b>
Statement of comprehensive income	<b>175</b>	<b>35</b>
Profit and loss account	<b>632</b>	<b>481</b>
At 31 December	<b>(462)</b>	<b>(1,269)</b>

As at 31 December deferred tax assets and liabilities calculated at 17% (2018: 17%) comprised:

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	<b>1,651</b>	<b>1,325</b>
Short term timing differences	<b>48</b>	<b>31</b>
Rollover relief	<b>34</b>	<b>34</b>
Deferred tax liability	<b>1,733</b>	<b>1,390</b>
Deferred tax asset on pension liability	<b>(2,195)</b>	<b>(2,659)</b>
	<b>(462)</b>	<b>(1,269)</b>

Movements in the deferred tax asset pension liability comprised:

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	<b>(2,659)</b>	<b>(2,911)</b>
Deferred tax charged to the profit and loss account	<b>289</b>	<b>217</b>
Deferred tax charged to the statement of comprehensive income	<b>175</b>	<b>35</b>
At 31 December	<b>(2,195)</b>	<b>(2,659)</b>

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 18 Pensions

The company sponsors the Swizzels Matlow Limited Retirement Benefits Plan which is a defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. An actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 March 2017 and the results of this valuation have been updated to 31 December 2019 as required by section 28 of FRS 102.

The scheme funding valuation as at 31 March 2017 showed a deficit of £20,508,000. The company has agreed with the trustees that it will aim to eliminate the deficit over a period of 9 years and 4 months from 1 April 2017. This included the payment of deficit contributions totalling £1.9million in the year to 31 December 2019. The deficit contributions will be payable up to and including July 2026 and will increase by 4% per annum compound from each January starting from January 2019. In addition the company has agreed with the trustees that it will pay contributions in respect of scheme expenses increasing at 4% compound with the first such increase in January 2019. In 2019 total contributions payable were £197,000.

The actual deficit contributions made by the employer over the financial year have been £2,025,000 (2018: £1,647,000) plus £213,000 (2018: £174,000) paid in respect of expense reimbursements.

The scheme is closed to new entrants and future accrual has ceased with effect from 6 April 2002. The group continues to contribute to employees' individual personal pension plans on a defined contribution basis. The cost to the group in the year was £318,000 (2018: £197,000).

### Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2019	2018
Rate of increase in salaries	N/A	N/A
Rate of increase in pension payments:		
- On pensions accrued after 31 March 1995	3.0%	3.5%
- On pension accrued before 31 March 1995	5.0%	5.0%
Discount rate	2.0%	2.7%
Inflation assumption RPI	3.1%	3.5%
CPI	2.3%	2.5%

The mortality assumptions adopted at 31 December 2019 imply the following life expectancies at age 65:

Male (40) / (65)	- 21.3 years / 20.2 years
Female (40) / (65)	- 23.4 years / 22.1 years

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 18 Pensions (continued)

The assets in the scheme were:

	2019	2018
	£'000	£'000
Corporate Bonds	2,460	1,833
Property	1,546	1,556
LDI Funds	7,672	6,088
Private equity	2,621	1,972
Diversified Growth Funds	8,679	7,209
Cash	48	10
	<b>23,026</b>	<b>18,668</b>

None of the fair values of the assets shown above include any direct investments in the company's own financial instruments or any property occupied by, or other assets used by the company.

The following amounts at 31 December were measured in accordance with the requirements of FRS 102:

	2019	2018
	£'000	£'000
Total market value of assets	23,026	18,668
Present value of scheme liabilities	(35,940)	(34,310)
Pension liability	(12,914)	(15,642)
Related deferred tax asset	2,195	2,659
<b>Net pension liability</b>	<b>(10,719)</b>	<b>(12,983)</b>

The reconciliation of fair value of scheme assets is shown below:

	2019	2018
	£'000	£'000
Fair value of scheme assets at 1 January	18,668	20,000
Interest income	508	474
Actuarial gain/(loss)	3,579	(1,278)
Contributions by employer	2,238	1,821
Benefits paid and death in service insurance premiums	(1,967)	(2,349)
<b>Fair value of scheme assets at 31 December</b>	<b>23,026</b>	<b>18,668</b>

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 18 Pensions (continued)

The reconciliation of present value of scheme liabilities is shown below:

	2019	2018
	£'000	£'000
Present value of scheme liabilities at 1 January	34,310	37,123
Expenses	145	158
Interest cost	902	865
Actuarial losses/(gains)	2,550	(1,487)
Benefits paid and death in service insurance premiums	(1,967)	(2,349)
<b>Present value of scheme liabilities at 31 December</b>	<b>35,940</b>	<b>34,310</b>

An analysis of the amounts charged to profit and loss in the year to 31 December under the requirements of FRS 102:

	2019	2018
	£'000	£'000
<b>Analysis of the amount debited to other finance expense:</b>		
Expenses	145	158
Net interest cost	394	391
<b>Net finance expense</b>	<b>539</b>	<b>549</b>
<b>Statement of comprehensive income</b>		
Return on pension scheme assets (excluding amounts included in net interest cost) – gain/(loss)	3,579	(1,278)
Experience gains and losses arising on the scheme liabilities – gain/(loss)	12	(65)
Changes in assumptions underlying the present value of the scheme liabilities: (loss)/gain	(2,562)	1,552
<b>Actuarial gain recorded in statement of comprehensive income</b>	<b>1,029</b>	<b>209</b>
<b>Movement in deficit during the year</b>		
Deficit in scheme at 1 January	(15,642)	(17,123)
Movement in year:		
Defined benefit costs	(539)	(549)
Contributions	2,238	1,821
Actuarial gain	1,029	209
<b>Deficit in scheme at 31 December</b>	<b>(12,914)</b>	<b>(15,642)</b>

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 18 Pensions (continued)

Details of experience gains and losses	2019	2018
Actual return on scheme assets:		
Amount £'000	4,087	(804)
Percentage of scheme assets	17.7%	(4.3%)
Experience gains and losses on scheme liabilities		
Amount £'000	12	(65)
Percentage of present value of scheme liabilities	0.03%	(0.2%)
Total amount recognised in statement of comprehensive income:		
Amount £'000	1,029	209
Percentage of present value of scheme liabilities	2.9%	0.6%

### 19 Financial instruments

	Note	2019 £'000	2018 £'000
<b>Financial assets that are debt instruments measured at amortised costs</b>			
Trade debtors	12	11,716	11,037
Other debtors	12	15	318
		<b>11,731</b>	<b>11,355</b>
<b>Financial liabilities measured at amortised costs</b>			
Trade creditors	13	6,234	5,433
Other creditors	13	2,739	3,081
		<b>8,973</b>	<b>8,514</b>

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 20 Called up share capital

Group and company	2019 and 2018 £'000
<b>Allotted, called up and fully paid</b>	<b>38</b>
38,252 ordinary shares of £1 each (2018: 38,252)	

During 1997, options were granted to subscribe for up to 7.5% of the issued share capital of Swizzels Matlow Limited. The options granted can only be exercised if certain events occur which are stipulated in a legal agreement. The price for each share granted in exercising such options will be based on the valuation of Swizzels Matlow Limited and its subsidiary companies at 31 December 1997.

### 21 Related party transactions and ultimate controlling party

Other than transactions between group subsidiaries which are exempt from disclosure under paragraph 33.1A of FRS 102, there were no other related party transactions during the year ended 31 December 2019.

In the opinion of the directors there is no ultimate controlling party of Swizzels Matlow Limited.

### 22 Notes to the consolidated cash flow statement

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	2019 £'000	2018 £'000
<b>Profit for the financial year</b>	<b>8,605</b>	9,240
Tax on profit	1,977	2,063
Net interest receivable	(1,033)	(917)
Other finance expense	539	549
<b>Operating profit</b>	<b>10,088</b>	10,935
Depreciation charge	1,810	1,591
Profit on sale of fixed assets	(29)	(8)
Exchange differences	5	-
(Increase)/Decrease in stocks	(3,167)	162
(Increase)/Decrease in debtors	(437)	1,965
Increase/(Decrease) in creditors	535	(842)
Pension contributions	(2,238)	(1,821)
<b>Net cash generated from operating activities</b>	<b>6,567</b>	11,982

# Swizzels Matlow Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 22 Notes to the consolidated cash flow statement (continued)

#### (b) Analysis of net cash surplus

	1 January 2019	Cash flow	31 December 2019
	£'000	£'000	£'000
Cash at bank and in hand	32,743	275	33,018
Overdrafts	-	(8)	(8)
	32,743	267	33,010
Finance leases	(7)	3	(4)
	32,736	270	33,006

### 23 Registered address

Swizzels Matlow Limited is a private company limited by shares, incorporated in the UK. The registered address of Swizzels Matlow Limited is Carlton House, New Mills, High Peak, Derbyshire, SK22 3HA.