Company Registration No. 00691403

Givaudan UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Givaudan UK Limited

Annual report and financial statements for the year ended 31 December 2020

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Officers and professional advisers

Directors

Mr P Parmar
Mr I Messenger

Company Secretary

Mrs C Stiffell

Actuaries

Aon Consulting
Briarcliff House
Kingsmead
Farnborough
Hampshire
GU14 7TE

Registered office

Finance Building
Kennington Road
Ashford
Kent
TN24 0LT

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Givaudan UK Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of the Company continues to be the production and distribution of fragrance compounds and distribution of flavour compounds and expects to continue to carry out these activities in the future.

Three operating sites based in the UK form the Givaudan UK Limited legal entity. The sites are based at Ashford, Milton Keynes and Staines. The Ashford site is the only UK site which has manufacturing activity.

Business review

The Company completed the year with a strong position despite the Covid-19 pandemic. 2020 saw total revenue decrease slightly by 6.5%. This is a result of a 7.3% drop in volume produced which is mainly attributed to the Covid-19 pandemic. The Company uses various key performance indicators (KPI's) on a monthly basis to assess various key areas of the business. These include safety, volume, quality and service. The main safety measure of lost time incidents (LTI) saw 2 incidents for the year ended December 2020 (2019: 1 LTI), this is against a target of zero LTI's for the year. The Company strives to maintain a safe environment for all people on the UK sites and maintains one of the lowest LTI reports across the worldwide group. Production volume for the Fragrance and Oral care sites saw a decrease of 7.3% during 2020 (2019: increase of 1.6%) and 13.8% lower than the annual volume target. This year on year decrease is mainly due to a drop in fine fragrance production. This was slightly offset by an increase in consumer products. This change in production is as a result of the change in demand for certain products attributed to the Covid-19 situation. Performance indicators also include quality assessments on non-conformities. Our internal quality rejection rate has showed excellent results against last year and targets. The Company sustained year on year improvement in all of the quality control measures and remained better than targets. The service level KPI showed that 91.5% (2019: 89.2%) of all orders fulfilled requested arrival; this is compared against a target of 83.5% and overall this is a very strong result.

The gross profit margin has increased to 9.0% from 7.8% in 2019. The other operating income of £26.1m (2019: £28.7m) received during the year is comprised of functional costs recharged to other Givaudan affiliates at an agreed mark-up. The total expenses before operating profit (not including other operating income) have increased by 2.0% during the year mainly spread over increases in functional costs.

Overall, the operating profit of £9.2m is slightly lower when compared to the operating profit of £10.8m in 2019, which is largely attributed to an increase in operating expenses and a decrease in other operating income. The operating profit margin has slightly decreased from 4.3% in 2019 to 3.9% in 2020. This profit is in line with management's targets. The net cash at the end of the year increased by £8.0m (2019: inflow £13.6m). The position of the company at year end can be seen in the Statement of Financial Position on page 14.

Brexit risk

Following the recent developments in Brexit during 2020, the Company has been reviewing the implications and potential impact to the business. Since the Company is part of a global group, it is working alongside a regional trade affairs team to review and support all Brexit and post Brexit issues impacting cross border transactions. Specifically to mitigate any adverse impact on the raw material supply, customer service, general compliance and any cost increases from import levies.

There were some Brexit related issues in January 2021 which impacted the Ashford supply chain and operations. The issues were caused by the HMRC NCTS transit system and backlog at the port of Dover, coming from the transport trucks being blocked at Ashford Waterbrook. This resulted in the Company's exports and imports of goods being delayed. We worked closely with our logistics service providers to manage the situation and also with our customers for the service levels. Overall, the situation improved later during January. The Company worked closely with its HMRC relationship manager to ensure there was adequate support to prevent any significant impact on the business.

Givaudan UK Limited

Strategic report

Covid-19

During March 2020, the UK was affected by the worldwide spread of Covid-19. The impact of this has been assessed and whilst the Company has seen a slight decrease in the production volume, there has been no material impact to operating profit for year ended 2020. The fragrance contract manufacturing volumes for Q1 2021 has seen a drop similar to Q1 2020. After a slow start to the year, we are experiencing a reduction of 17% in the volume activity at April close, mainly driven as a result of smaller order requests with high activity level in the factory. Volumes for the second half in 2021 are expected to regain to some extent but will see a small shortfall to the budgeted levels. The average batch size reduction will mean losing around 10% total volume loss in Fragrances versus the budget.

The factory has continued production at the Ashford site throughout the pandemic and the factory personnel have adapted with the health & safety measures implemented by the Company in line with the government guidelines for the Covid-19. The factory continues to work the existing 3 shift system and some overtime and weekend work is required to maintain service levels and fulfil customer orders in consumer products. Our customer base remains strong and recoverability of debt is not expected to be of concern. The Company's on time collection rate for December 2020 was 90% (December 2019 was 92%) and the cash position remains strong, with a net cash inflow for year ended December 2020 on £8.0m (2019: £13.6m inflow). There have been no significant write offs so far in 2021. The provision for Bad and doubtful debt has increased by £135k YTD April 2021. However, the on time collection rate has remained consistent with last year and at April 2021 it was 95.4%.

The Company decided to make use of the VAT deferral scheme implemented by HMRC at the start of 2020, since the effects on the business with the spread of Covid-19 were unknown at the time. This meant that February, March and April 2020 VAT payments were deferred until March 2021.

Operations, Supply chain, Quality Control and some R&D personnel are attending the work place. The rest of the non-key personnel continue to work remotely from home effectively. Support for the business has not been affected. Covid-19 has not created much disruption to normal business.

Post Balance Sheet Events

There are no post Balance Sheet events to report at the time of signing the accounts.

Capital structure

Details of the authorised and issued share capital are shown in note 22.

The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The percentage of the issued nominal value of the ordinary shares is 100% of the total issued nominal value of all share capital.

Going concern basis

The Company's business activities and performance are set out in the business review. The direct access to global finance markets via the Group's centralised treasury organisation provides financing flexibility to support the needs in liquidity for the entire Group. The Company is in a strong cash position which would cover the current liabilities if required, however the affiliates benefit from the overall financing through the cash pool structure which provides availability of funds on a daily basis if required. The Company has a robust balance sheet, with net assets as at 31 December 2020 of £171.9m (2019: £165.3m). The Company holds a current inter-group loan, which will not be re-called for 12 months following date of signing the accounts. Further information on the financial position of the Company, its cash flows, liquidity position and borrowings are set out in the main body of the financial statements.

The directors have assessed the going concern of the Company since Covid-19 arrived in the UK in March 2020. There has been little change in the overall operating profit compared to 2019. The cash inflow for year ended 31 December 2020 remained strong, whilst down on the cash inflow for 2019, which was a particularly strong year. The directors expect the volume growth for fragrance compounding and distribution of flavours compounds to regain slightly in the second half of 2021, but overall will see a small shortfall against budgeted levels.

With this in mind the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Givaudan UK Limited

Strategic report

Principal risks and uncertainties

The Company has recognised a number of principal risks and uncertainties. The main risks faced by the Company are financial risks, such as liquidity, credit, interest and currency risk. Refer to note 18 for a discussion on the Company's financial risk management activities. Other main risks include legal and regulatory risks, such product safety risk. Information technology risks, such as information security risks. Procurement and supply chain risk of certain natural raw materials, which can be harder to source. Risk of climate change and the management of the Company's carbon footprint. Each of these top rated risks are managed centrally by a member of the Executive Committee of Givaudan SA. Each member has the responsibility to manage the risk on a group-wide basis.

Once a year, the Executive Committee reports to the Board on the risk management process, the strategic risks and the mitigations actions. Corporate Internal Audit provides assurance on the effectiveness of the risk management process. During the year ended December 2021, the Company was also faced various risks and uncertainties posed by the Covid-19 pandemic. A global Covid-19 task force was put in place to monitor the effects that it had on the Company and to decide on measures to ensure business continuity and employee health and safety.

Research and development costs

During the year the Company's total research and development costs were £13.0m (2019: £13.7m). All costs are recognised in profit or loss in the period in which they are incurred.

Fixed assets

In the opinion of the directors, the current open market value of the Company's interests in land and buildings is not significantly different from the carrying value in these statutory accounts.

Future developments in the business

We expect the average trend in the production volume growth for fragrance compounding and distribution of flavours compounds over the past few years to continue into 2021. The Company remains a key player for the supply of fragrance compounds to its principal parent under the contract manufacturing arrangement. Despite the Covid-19 situation, the worldwide group has managed to achieve its average sales growth target of 4-5% and free cash flow target between 12-17% over the Groups' strategic period from 2015 to 2020. The strategy for 2025 is to also achieve sales growth from between 4-5% and a free cash flow target of more than 12%. To support these goals, the Company's production volumes are expected to grow in line to meet the demands from the business at current levels and sustain the existing profitability returns. The group is positioned strongly as the market leader in the industry and expects the business to remain resilient in the current period.

Section 172(1) statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) for the major stakeholder groups and forms the directors' statement required under section 414CZA of The Companies Act 2006.

Givaudan UK Ltd is owned by their ultimate parent Givaudan SA, a publicly quoted Swiss Company. The directors report directly to the parent Company on all strategic, governance, legal and performance affairs. There are regular and timely discussions to go through such matters and discuss the results of the Company, as well as setting and approving key financial areas such as annual budgeting and expenditure on capital investments. The decisions of the directors are driven by the wider group strategy and how the Company can best provide support to deliver that strategy. The strategic decisions of the directors pay due regard to the consequences of such decisions in the long-term interests of the stakeholders and the board of directors, the impact on the communities and environment in which the Company operates and also in maintaining high standards of business conduct and acting fairly between all stakeholders. The implications of the decisions made by directors can have a lasting effect on the Company's reputation as an employer, a reliable manufacturer and customer and local stakeholder in the community. The Company's main stakeholders, how we engage with them and consider their needs are discussed further below.

Givaudan UK Limited

Strategic report

Section 172(1) statement (continued)

Employees

The long term success of the Company is founded on the commitment of our workforce to our purpose and its demonstration of its values on a daily basis.

The Company has high regards of the employee's interest and puts in place various tools and programmes available through our Engage HR system, aiming to equip employees with the necessary skills needed for today and tomorrow. The Company compensation policies are an essential component of our employee value proposition and a key driver in both individual and business performance. The Company's ambition is to ensure that Givaudan is a place where everyone feels welcome, valued and inspired. Protecting the environment, safeguarding our employees' health and ensuring the safety of all who work at Givaudan are key values in our Company. During the financial year, a Covid-19 taskforce was put in place to monitor and to the ensure business continuity and employee health and safety.

A special bonus was paid to employees who worked on site during the lockdown period in recognition of their outstanding commitment and efforts in ensuring the continuity of Givaudan's operations. The Company also implemented various measures and protocols to help employees balance work with home responsibilities. There were no temporary or permanent layoffs resulting from the Covid-19 crisis.

The Company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

Employee involvement has been promoted by a number of means at the three principal sites of the Company in the UK.

These are summarised in the following notes:

1. <u>Team Briefing</u>

Team briefing has continued at Ashford, Milton Keynes and Staines during 2020. Its objective is to ensure that all employees are regularly informed of the progress of the business, including financial and economic factors affecting the performance of the Company.

A briefing document is prepared each month, setting out the Company's progress against volume and financial targets, key features of Company performance, and personnel developments such as organisation changes and appointments. This brief is then cascaded through the management and supervisory hierarchy by nominated briefers, each of who communicates with their own team. The brief is added to during the process to incorporate items relating to both site and departmental issues. In addition to the regular monthly briefs, use is made of the system to give special briefs on an ad hoc basis when it is important to inform all employees quickly on an issue of key importance to them as employees.

2. <u>Site Councils</u>

2.1 <u>Ashford</u>

This Council meets six times a year and is chaired by an employee member of the Council. It comprises eleven members drawn from all grades and functions on the Ashford site. The Council consults on a wide range of issues including topics raised through the briefing system and conditions of employment.

2.2 <u>Milton Keynes</u>

The Council meets on a quarterly basis and is chaired by an employee member of the Council. It comprises five members including the chair. The Council consults on a wide range of issues including topics raised through the briefing system and conditions of employment.

Improving the performance and development of employees is based on a simple framework allowing managers and employees to have regular and meaningful conversations to help them to grow and perform at their best by objective setting, providing feedback, having developmental conversations and reviewing results. Givaudan encourages employee involvement in the Company's performance though the Profit Share Plan (PSP). This is designed to offer employees an opportunity to share in the Company's success through the payment of an annual variable reward. The Givaudan Incentive Plan (IP) provides annual variable compensation for successful business and individual performance. It is an integral part of Givaudan's pay for performance strategy. Competitive compensation packages allow us to attract, motivate and maintain talented employees. Compensation packages are benchmarked and reviewed each year.

Strategic report

Section 172(1) statement (continued)

Employees (continued)

The importance in maintaining a reputation for high standards of business conduct and fairness within our workforce is paramount to retaining a talented and motivated workforce.

Disabled employees

The following policy has been applied in respect of the employment of disabled persons, as defined by the Disabled Persons (Employment) Act 1944:

The Company recognises its responsibility to employ disabled persons in suitable employment, and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the Company's employment and in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work, which is available, and any necessary training is arranged. Disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

Suppliers

Our suppliers are fundamental to the long term supply quality of our products and to ensuring that as a business we meet the high standards of conduct that we set ourselves. Through Group led initiates, our parent Company Givaudan SA seeks strategic partnerships with suppliers, so that they become in effect an extension of our business. Currently 50% of the Groups projects leverage this sort of external collaboration.

The Company's supplier payment policy concerning the majority of its trade creditors is to follow the Confederation of British Industry's (CBI) prompt payer's code, copies of which are available from the CBI, Centre Point, 103 New Oxford Street, London, WC2A 1DU. The Company's policy is to:

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. Trade creditors of the Company at 31 December 2020 were equivalent to 33 days (2019: 36 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Customers

Our customers are at the heart of everything we do at Givaudan. There is a strong need to build long lasting relationships with our customers to enable us to thrive and to maintain a competitive advantage in a changing world. As part of Givaudan's wider group, we saw an increase in consumers seeking natural, organic and cleaner products and the need to take bolder actions on the climate crisis. This led Givaudan to create a new purpose 'Creating for happier, healthier lives with love for nature'. At the core of our business is the relationship with our customers. At our Ashford site we have a sensory centre of excellence, which acts as a key enabler to deliver break through science and technology solutions for our customers.

The Community and Environment

Our business affects the communities in which we operate. Measures are taken to operate safely and sustainably with our neighbouring communities, while also ensuring that we generate economic, social and environmental opportunities for truly mutual beneficial relationships. For example recruiting from local communities, generating opportunities through local purchasing and employing the latest technologies to manage our environmental impact on our community's air, water, noise and odour aspects. We take seriously our corporate social responsibility to give back to our communities, be it through local charity support and by contributing to community causes and programmes. Opportunities are available to our employees to make such contributions through our UK Green team.

Givaudan UK Limited

Strategic report

Section 172(1) statement (continued)

The Community and Environment (continued)

During the year, the Company made local charitable donations of £31,045 (2019: £50,970). The Company made no political contributions during either year.

Approved by the Board of Directors

and signed on behalf of the Board

Mr P Parmar

Director

9 JULY 2021

Givaudan UK Limited

Directors' Report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2020.

The Strategic report included in Pages 2-6 of the report forms part of this Directors' report. Under s414C(11) of the Companies Act 2006, the directors have included in the strategic report such matters otherwise required by regulations made under s416(4) to be disclosed in the directors' report as they consider them of strategic importance. Such items include capital structure, principal risks and uncertainties, including financial risks management, charitable and political contributions and employee consultations. Subjects of subsequent events, future developments, research & development and disabled employees were all addressed in the Strategic report.

Dividends

The directors do not recommend the payment of a dividend (2019: £NIL).

Directors

The directors who served during the year and up to the date of signing:

Mr P Parmar
Mr I Messenger

Directors' interests

None of the directors of the Company had any interests in the Company share capital.

Directors' share options

The directors are invited to participate in the profit share plans and share option plans of the parent Company, Givaudan SA. Details of these plans are given in note 23.

Directors' indemnities

The Company's parent, Givaudan SA, has made qualifying third party indemnity provisions for the benefit of the UK directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Energy and Carbon report

For the year ended 31 December 2020, Givaudan UK Ltd has produced 1,052 emissions in tonnes of carbon dioxide equivalent in the combustion of greenhouse gasses for the purposes of business. The annual quantity of emissions of carbon dioxide equivalent resulting from business activities for the purpose of transport is 76 equivalent tonnes. This is against a combined target of 2,220 Tonnes.

The annual quantity of carbon dioxide equivalent resulting from the purchase of electricity for purposes of business is 1,145 tonnes. These quantities include emissions for transport at the Ashford site where there is use of an electric van and a fleet of fork lift trucks.

Directors' Report

Energy and Carbon report (continued)

The Company has used a total of 10,392,253 kWh of energy, for which the company is responsible involving the combustion of gas, consumption of fuel for the purposes of transport and total energy consumed resulting from the purchase of electricity (including for the purposes of transport).

Our reported emissions for the year are lower than target, mainly as a result of the Covid-19 situation. Non-key office based personnel have been working remotely from home since mid-March 2020. This has reduced the amount of energy required for the offices spaces. Also due to the national lockdowns, business trips have significantly declined resulting in a decline in carbon emissions from transport.

The Company is currently looking into various ways in the future that carbon dioxide emissions can be reduced further. Such as, investing in electric vehicle charging on site for employees, a ground source heat pump to replace gas boilers and double glazing replacement in the creative centre. The glazing will increase heat retention by 50% and contribute towards up to 90% solar gain, meaning less heating and cooling in this area.

Methodology

The Company has followed the March 2019 HM Government environmental reporting guidelines for gathering and calculating the data. We have used the 2020 UK Governments conversion factors to assist in calculating these figures. The Company currently does not use a reporting system for the collection and calculation of this data. Instead, data has been entered into standard spread sheets by staff to record the necessary emissions. The data gathered has been taken from various sources and then standardised to ensure its comparability.

Intensity Ratios

To convey and compare the level of emissions on an annual basis, the directors have chosen to use emissions in total tonnes of carbon dioxide per volume of product output by tonne, since this is a common business metric for our industry sector. For 2020 there has been 18% equivalent tonnes of Co2 emissions per tonne of production volume.

R&D Activities

Givaudan is focused on innovative taste and smell solutions. The development of aesthetically appealing products is underpinned with fundamental research in areas of chemistry, biochemistry and sensory perceptions. The Ashford site is home to the Health and Well-being Centre of Excellence. Its aim is to counteract the negative impacts of personal and environmental malodours on well-being. It encompasses two main areas of research. These are malodour research, which looks at consumer relevant malodour issues and technological innovations to address them and neuroscience research, which focusses on how perfume is perceive by the brain and how it influences human emotion and behaviour. These research activities are supported by the measurement science and sensory science teams, which provide technical support and expertise for research projects. Further to this, the site also has a dedicated oral care research team helping to improve oral health and hygiene and supporting oral care with the screening of novel flavour ingredients.

Business relationships

Key business relationships and information on how the directors have had regard to the need to foster these relationships can be found within the Section 172(1) statement in the Strategic report.

Statement on key stakeholder engagement

Information on how the directors have engaged with the workforce, suppliers, customers and the local community and had regard for their interests are included within the Section 172(1) statement in the Strategic report.

Approved by the Board of Directors

And signed on behalf of the board

Mr P Parmar

Director

9 July 2021

Givaudan UK Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have chosen to prepare Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the accounts 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:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Givaudan UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Givaudan UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report[1], other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, in-house legal counsel and external legal representatives of the entity about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, UK Health and safety legislation, pensions legislation and tax legislation;
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition: We presume a risk of material misstatement due to fraud related to revenue recognition and have evaluted which types of revenue, revenue transactions or assertions give rise to such risks. Due to the automated nature of revenue transactions within Givaudan UK Limited we deem the significant risk to be pinpointed to manual journals posted to revenue accounts.
  To address this risk we have identified our population as all manual journals posted to revenue GL accounts. We have performed sampling on the population and agreed all samples selected through to supporting documentation, agreeing the business rationale for the posting and concluding on the appropriateness of the posting.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hannah Pop

Hannah Pop FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London

09 July 2021

Givaudan UK Limited

Statement of Comprehensive Income
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Continuing operations			
Revenue	7	235,910	252,396
Cost of sales		(214,616)	(232,795)
Gross profit		21,294	19,601
Other operating income		26,132	28,742
Marketing, sales and distribution expenses		(17,306)	(16,744)
Research and product development expenses		(12,963)	(13,680)
Administrative expenses		(4,074)	(3,340)
Other operating expenses		(3,516)	(3,532)
Corporate costs		(325)	(123)
Restructuring costs		(80)	(80)
Operating profit		9,162	10,844
Finance income	8	3,099	4,522
Finance expenses	9	(2,897)	(4,356)
Profit before tax		9,364	11,010
Taxation	10	(3,067)	(1,851)
Profit for the year	11	6,297	9,159
Items that will not be reclassified subsequently to the income statement:			
Re-measurement of gain on retirement benefit schemes	12	(3,141)	(517)
Income tax relating to items that will not be subsequently reclassified to the income statement	15	1,418	88
Other comprehensive (expense)/ income for the year net of tax		(1,723)	(429)
Total comprehensive income for the year		4,574	8,730

Givaudan UK Limited

Statement of Financial Position
As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Goodwill	13	9,396	9,396
Property, plant and equipment	14	34,168	34,147
Retirement benefit scheme net surplus	12	21,284	20,757
		64,848	64,300
Current assets			
Inventories	16	23,476	23,448
Trade and other receivables	17	64,764	56,901
Derivative financial instruments	18	-	103
Cash and bank balances		128,620	120,622
		216,860	201,074
Total assets		281,708	265,374
Current liabilities			
Trade and other payables	19	(65,273)	(56,721)
Derivative financial instruments	18	(165)	-
Borrowings	20	(35,344)	-
Short term debt	20	(342)	(489)
Provisions	21	(62)	(62)
		(101,186)	(57,272)
Net current assets		115,674	143,802
Non-current liabilities			
Deferred tax liability	15	(6,980)	(5,711)
Long-term provisions	21	(592)	(604)
Long-term debt	20	(1,044)	(1,190)
Borrowings	20	-	(35,344)
		(8,616)	(42,849)
Total liabilities		(109,802)	(100,121)
Net assets		171,906	165,253
Equity			
Share capital	22	70	70
Retained earnings		171,836	165,183
Equity attributable to owners of the Company		171,906	165,253

The financial statements of Givaudan UK Limited, registered number 00691403 were approved by the Board of Directors and authorised for issue on 9 July 2021.

Signed on behalf of the Board of Directors

Mr P Parmar
Director

Givaudan UK Limited

Statement of Changes in Equity
For the year ended 31 December 2020

	Notes	Share capital £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2019		70	154,617	154,687
Profit for the year ended 31 December 2019		-	9,159	9,159
Other comprehensive income for the year				
Re-measurement of gain on retirement benefit schemes	12	-	(517)	(517)
Income tax relating to items that will not be subsequently reclassified to the income statement		-	88	88
Total comprehensive income for the year		-	8,730	8,730
Credit to equity on account of share based payments	23	-	1,836	1,836
Balance at 1 January 2020		70	165,183	165,253
Profit for the year ended 31 December 2020		-	6,297	6,297
Other comprehensive income for the year				
Re-measurement of gain on retirement benefit schemes	12	-	(3,141)	(3,141)
Income tax relating to items that will not be subsequently reclassified to the income statement		-	1,418	1,418
Total comprehensive income for the year		-	4,574	4,574
Credit to equity on account of share based payments	23	-	2,079	2,079
Balance at 31 December 2020		70	171,836	171,906

Givaudan UK Limited

Cash Flow Statement
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Net cash from operating activities	24	11,241	15,752
Financing activities			
Interest paid		(406)	(587)
Capitalised lease liability payments		(606)	(444)
		(1,012)	(1,031)
Investing activities			
Interest received		178	656
Purchases of property, plant and equipment		(2,453)	(1,779)
Proceeds from disposal of property, plant and equipment		44	-
		(2,231)	(1,123)
Net increase in cash and cash equivalents		7,998	13,598
Cash and cash equivalents at beginning of year		120,622	107,024
Cash and cash equivalents at end of year		128,620	120,622

Notes to the financial statements
For the year ended 31 December 2020

1. General information

Givaudan UK Limited is a private company limited by shares incorporated in the United Kingdom in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1 of the report. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 6 of the report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are rounded to the nearest thousand pounds to aid with clarity. Foreign transactions are included in accordance with the policies set out in note 3.

2. Adoption of new and revised standards

New and amended IFRS standards that are effective for the current year

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework

The Standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The clarification does not currently impact the current practice of the Company.

2. Adoption of new and revised standards (continued)

a. New and amended IFRS standards that are effective for the current year (continued)

Amendments to IAS 1 and IAS 8 Definition of material

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency. The clarification does not currently impact the current practice of the Company.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7
In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments do not impact the current practice of the Group, as the practical expedient has been applied.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
There is no substantive change to other terms and conditions of the lease.

The amendments to IFRS16 due to Covid-19-Related Rent Concessions were not relevant for the Company for the year ended 31 December 2020. The Company has continued to meet its obligations and so there were no changes in lease payments necessary or changes in terms and conditions as a result of Covid-19.

2. Adoption of new and revised standards (continued)

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	*Insurance Contracts*
IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS standards	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. Significant accounting policies

Basis of accounting

The financial statements of Givaudan UK Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards. The preparation of financial statements in conformity with International Financial Reporting Standards 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 4.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern

As further described in the Strategic Report the directors have taken into account the uncertainty related to Covid-19.

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing, despite the uncertain economic outlook.

Notes to the financial statements
For the year ended 31 December 2020

3. Significant accounting policies (continued)

Going concern (continued)

The direct access to global finance markets via the Group's centralised treasury organisation provides financing flexibility to support the needs in liquidity for the entire Group. The Company is in a strong cash position which would cover the current liabilities if required, however the affiliates benefit from the overall financing through the cash pool structure which provides availability of funds on a daily basis if required. The Company has a robust balance sheet, with net assets as at 31 December 2020 of £171.9m (2019: £165.3m). The Company holds a current inter-group loan, which will not be re-called for 12 months following date of signing the accounts. Further information on the financial position of the Company, its cash flows, liquidity position and borrowings are set out in the main body of the financial statements and strategic report. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date).

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the combination. The recorded amount of goodwill of £9,396,000 is entirely attributable to the UK flavours business. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

The Company manufactures and sells manufactured products and molecules of fragrance and flavour to the agreed upon specifications and may contain additional performance obligations for certain clients such as the assignment of specific application technologies, joint market research and particular stock conditions. Most of these additional performance obligations are not distinct because they are highly dependent on the delivery of manufactured products and molecules of fragrance and flavour.

Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The goods are often sold with volume discounts based on the aggregate sales over a 12 month period. Revenue from these sales are recognised based on the price specified in the contract, net of the estimated volume discounts provided that it is highly probable that a reversal will not occur. No element of financing is deemed present as the sales are made with credit terms that are consistent with market price.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

3. Significant accounting policies (continued)

Other operating income

Other operating income represents the income received from re-charges of functional costs to other Givaudan entities at an agreed mark-up. The income is recognised on a monthly basis once the costs can be measured reliably and is re-charged to the appropriate Givaudan entity who assumes the economic benefit. These re-charges are in line with the advanced pricing agreement that the Company has in place with the HMRC.

Leases

For all agreements containing a lease, a right-of-use asset and corresponding lease liability are recognised, except for low-value assets and short term leases, defined as leases with a lease term of 12 months or less. Those are recognised as an operating expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Income. The Company accounts for contracts containing both lease and non-lease components as a single lease component.

The lease liability is initially measured at the present value of the future lease payments, as from commencement date of the lease until the expected termination date. In determining the lease term management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if an option is, or not, actually exercised or the Company becomes obliged, or not, to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lease. The lease payments are discounted by using the interest rate implicit in the contract or, if not available, the incremental borrowing rate, which is defined as the interest rate that Group would have to pay to borrow, over a similar term with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease liability is subsequently measured to reflect interest payments and any lease modifications. The lease liability is presented under the lines short-term debt and long term debt in the Statement of Financial Position. The interest expense is presented in the line Finance Expenses in the Statement of Comprehensive Income.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct costs and estimates of costs to put the underlying asset in the appropriate condition. Right-of-use assets are subsequently measured at cost less accumulated depreciation over the shorter period of the lease term and the useful life of the underlying asset. Right-of-use assets are presented in the Statement of Financial Position under the line Property, plant and equipment.

All lease payments on leases are presented as part of cash flows from financing activities, except for the short term and low-value leases cash flows, which are booked under operating activities.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred, at the effective rate of interest. There were no borrowing costs in the year related to spend on qualifying capital expenditure.

Notes to the financial statements
For the year ended 31 December 2020

3. Significant accounting policies (continued)

Operating profit

Operating profit is stated after charging restructuring costs but before finance income, finance costs and tax.

Retirement benefit obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, principally dependent on an employee's years of service and remuneration at retirement. Plans are usually funded by payments from the Company and employees to financially independent trusts.

For defined benefit pension plans, pension costs are calculated on the basis of various demographic and economic assumptions using the projected unit credit method.

This method first predicts the total benefit to be paid to each participant at his assumed retirement date and then allocates the accrual for each portion of the benefit accruing during each year to that year. The retirement benefit obligation recognised in the statement of financial position represents the deficit or surplus in the Company's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into publicly or privately administrated funds. The Company has no further payment obligations once the contributions have been made. The contributions are expensed to the income statement in the year to which they relate.

Taxation

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

Current tax

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

There has been no uncertainty over income tax treatments.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

3. Significant accounting policies (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their deemed cost value, being (1) the fair values attached to fixed assets upon acquisition by Givaudan in the case of the Ashford site, and (2) the actual historical cost in the case of the Milton Keynes and Staines sites.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Buildings, plant and machinery are stated at deemed cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write-off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	40 years
Plant and machinery	3-15 years
Motor vehicles	5 years

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with bank and similar institutions. Cash equivalents are held for the purpose of meeting short-term cash commitments (maturity of three months or less from the date of acquisition) and are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Derivative financial instruments

The Givaudan SA group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, using foreign exchange forward contracts on behalf of the Company. Further details of derivative financial instruments are disclosed in note 18.

Derivative financial instruments (continued)

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Loans and receivables

Loans and receivables are measured at amortised cost using effective interest method. Interest income is recognised by applying the effective interest rate, except for short term receivables when recognition of interest would be immaterial.

Impairment of assets

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Since there have been no material financial impacts due to the Covid-19 pandemic, there has been no change in the key impairment assumptions used.

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced by an allowance for loss. The allowance loss measurement is determined by applying the lifetime expected credit losses. Under this approach the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss is applied. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based payments

Key members of Givaudan UK Limited are invited to participate in an equity settled performance share plan established by the parent Company Givaudan SA using that Company's share capital. Details regarding the share-based payments relevant to employees of Givaudan UK Limited are set out in note 23.

The Company recognises the expense for share option plans in the statement of comprehensive income, within administrative expenses. The liability is shown as a 'credit to equity on account of share based payments' on the Statement of Financial Position, as no amounts are ever expected to be reimbursed to Givaudan SA.

The expense for share-based payments is calculated by estimating the fair value of the award at the date of grant and expensed on a straight line basis over the vesting period. There are no market conditions involved.

3. Significant accounting policies (continued)

Research and Development

Under the existing contract with Givaudan S.A. all R&D costs incurred are expensed in the period in which they are incurred and then recharged, as per the agreement with Givaudan S.A. being the ultimate owner of all assets that may arise as a result of these activities.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are key sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in financial statements.

There are no significant judgements.

Defined benefit pension scheme

The surplus or deficit in the defined benefit section of the pension scheme that is recognised through the statement of comprehensive income is subject to a number of assumptions and uncertainties. The calculated liabilities of the scheme are based on assumptions regarding inflation rates, discount rates and member longevity. Such assumptions are based on actuarial advice and are benchmarked against similar pension schemes. Valuations are at 31 December 2020. Details of the defined benefit pension scheme and related estimates applied in the assumptions included in measuring the scheme liabilities and related sensitivities to these amounts are set out in note 12. There are no accounting judgements which impact the financial statements.

5. Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts		
Audit of the current annual financial statements	71	62
Total audit fees	71	62

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for non-audit services		
Tax compliance services	5	5
Total non-audit fees	5	5

6. Staff costs

The average monthly number of employees (including directors) was:

	2020 No.	2019 No.
Production	245	248
Marketing, selling and distribution	98	95
Administration	42	40
Total average number of employees	385	383

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	18,604	17,361
Social security costs	2,937	2,113
Defined benefit pension costs (see note 12)	2,145	-
Administration expenses on defined benefit pension costs (see note 12)	794	835
Defined contribution pension costs	4,207	4,097
	28,687	24,406

Included in the costs above are costs relating to the directors of the Company, as follows:

	2020 £'000	2019 £'000
Directors' emoluments	266	258
Share based payments	65	-
Company contributions to defined contribution schemes	39	37
	344	295

The aggregate emoluments of the highest paid director were £144,438 (2019: £140,396). The amount of defined contribution pension contributions, which were made by the Company for the highest paid director, was £15,239 (2019: £14,834). The share based payments of the highest paid director we £38,714 (2019: NIL).

	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	2	2
Defined benefit scheme	1	1

The Directors are the only key management personnel to meet disclosure requirements of IAS 24.

Notes to the financial statements
For the year ended 31 December 2020

7. Revenue

Turnover, analysed geographically between markets was as follows:

	2020 £'000	2019 £'000
Affiliates		
Europe	147,141	166,107
Rest of the world	3,607	2,751
Total Affiliates Sale	150,748	168,858

	2020 £'000	2019 £'000
Third party Sales		
Europe	80,780	78,624
Rest of the world	4,382	4,914
Total Third party Sale	85,162	83,538
Total Sales	235,910	252,396

The affiliate sales represent flavour and fragrance revenue from the Company's distribution and contract manufacturing activities with affiliates. The third party sales represent flavours and fragrance revenue solely from the Company's distribution activities.

8. Finance income

	2020 £'000	2019 £'000
Interest income on pension	465	527
Interest on bank deposits and similar income	178	656
Gain arising on derivatives in a designated fair value hedge accounting relationship	2,456	3,339
	3,099	4,522

9. Finance expenses

	2020 £'000	2019 £'000
Interest on intercompany loans	406	587
Losses arising on derivatives in a designated fair value hedge accounting relationship	2,473	3,747
Interest on leased liabilities	18	22
	2,897	4,356

Notes to the financial statements
For the year ended 31 December 2020

10. Tax

	2020 £'000	2019 £'000
Corporation tax:		
Current year	360	557
Adjustment in respect of prior periods	19	-
Deferred tax (note 15):		
Current year	2,688	1,294
Total tax charge	3,067	1,851

Corporation tax is calculated at an average rate 19% (2019: 19%) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit before tax per the income statement as follows:

	2020 £'000	2019 £'000
Profit before tax on continuing operations	9,364	11,010
Tax at the UK corporation tax rate of 19% (2019: 19%)	1,779	2,092
Tax effect of expenses that are not deductible in determining taxable profit	(234)	65
Adjustment in respect of prior periods	19	-
Effect in change of tax rate	1,593	(168)
Permanent difference arising on share based payment	(90)	(138)
Tax charge for the year	3,067	1,851

11. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	2020 £'000	2019 £'000
Net foreign exchange gains	(150)	(322)
Research and development costs	12,963	13,680
Depreciation of property, plant and equipment	2,657	2,867
Operating lease costs	86	31
Inventory provisions and discards recognised as expense	2,033	1,496
Employee Benefit expense (Note 12)	2,474	308

Notes to the financial statements
For the year ended 31 December 2020

12. Retirement benefit schemes

Givaudan UK Pension Plan

The Givaudan UK Pension Plan is a hybrid scheme, comprising both defined benefit, referred to below as the "Givaudan scheme", and defined contribution sections. The Plan's assets are held separately by Trustees and are valued every three years by an independent professionally qualified actuary.

Quest UK Pension Scheme

Under its previous ownership, the Company participated in the ICI Specialty Chemicals Pension Fund, which covered the majority of its employees. Following the acquisition of the Company by Givaudan SA, a new scheme, the "Quest UK Pension Scheme", was set up and those members that wished to, transferred to this new scheme.

The Quest UK Pension Scheme is a trustee administered pension plan. There is a defined benefit section which mirrors the arrangements that were in place in the ICI Specialty Chemicals Pension Fund and there is also a defined contribution section. The defined benefit section provides benefits based on employees' years of service and final pensionable pay, and was closed to new members in October 2000. The Plan's assets are held separately by Trustees and are valued every three years by an independent professionally qualified actuary.

The two occupational pension schemes (Quest UK Pension Scheme and Givaudan UK Pension Plan) are arranged under the applicable UK Pension Schemes and Pension Acts and managed as legally autonomous pension trusts by the board of Trustees. The defined benefit scheme for both the Givaudan UK Pension Plan and the Quest UK Pension Scheme were frozen for current members from 31 March 2017 onwards and members are invited to join the existing defined contribution scheme going forward. Both of the defined benefit schemes are valued every three years by a professionally qualified actuary. The last valuation took place on 31 March 2020 and the next valuation is due to take place on the 31 March 2023.

The Boards of Trustees are composed of two employee representatives and four employer representatives, for the Quest UK Pension Scheme, and three employee representatives, three employer representatives plus two pensioner representatives for the Givaudan UK Pension Plan. The Board of Trustees are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk.

The accrued benefits based on service to the plan freeze are payable at retirement and on death in service. With exception for trivial amounts, transfer values, lump sum death benefits and tax free lump sums, the benefits are paid out as annuities.

Under IAS19 employee benefits, the pension obligations in the defined benefit sections of both the Quest UK Pension Scheme and the Givaudan UK Pension Plan are calculated by using the projected unit credit method.

The defined benefit schemes expose the Company to actuarial risks, such as longevity risk, currency risk, inflation risk, interest risk and market (investment) risk. The Company is not exposed to any unusual entity specific or unusual scheme special risks.

The Defined Contribution Section of the Quest UK Pension Scheme (Previously "Benefit Builder")

Individuals employed by the Company since 2000 and existing members who opted to transfer from the ICI Fund were offered membership of the defined contribution scheme - ICI UK Retirement Plan – "Benefit Builder". Following the acquisition of the Company by Givaudan SA, a new defined contribution scheme called "The Defined Contribution Section of the Quest UK Pension Scheme" was set up.

The pension cost charged to the profit and loss in respect of the Defined Contribution section of the Quest UK pension scheme for the year was £4,207,000 (2019 : £4,097,000). There were no provisions or prepayments resulting from the difference between the amounts recognised as cost and the amounts paid to the scheme at either 31 December 2019 or 31 December 2020.

12. Retirement benefit schemes (continued)

The major assumptions used by the actuaries of each scheme for the purposes of the IAS19 valuations were:

	Givaudan Scheme		Quest Scheme	
	2020	**2019**	**2020**	**2019**
	%	**%**	**%**	**%**
Key assumptions used:				
Discount rate	1.40	2.00	1.40	2.00
Future pension increases (RPI)	3.00	3.00	3.00	3.00
Future pension increases (CPI)	2.55	2.10	2.55	2.10
Plan duration at end of year (in years)	18.00	17.00	20.00	23.00

Mortality assumptions:

Investigations have been carried out into the mortality experience of the Company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Givaudan Scheme		Quest Scheme	
	2020	**2019**	**2020**	**2019**
	Years	**Years**	**Years**	**Years**
Retiring today:				
Males	21.3	22.7	21.5	22.3
Females	24.0	24.0	23.8	24.2
Retiring in 20 years:				
Males	22.6	24.0	22.8	23.6
Females	25.4	25.5	25.3	25.7

Various assumptions have significant effects on the amounts recognised in the profit or loss. The following shows the effects that changes in different assumptions would have on service cost during the fiscal year and on defined benefit obligation at the end of the year:

	Givaudan Scheme		Quest Scheme	
	Effect on service cost £'000	**Effect on defined benefit obligation £'000**	**Effect on service cost £'000**	**Effect on defined benefit obligation £'000**
0.5% Increase in inflation rate	4,240	3,317	23,633	24,577
0.5% Decrease in discount rate	5,681	4,814	24,400	26,029
One Year Increase in life expectancy	3,827	3,147	11,256	10,272

12. Retirement benefit schemes (continued)

Duration of retirement benefit schemes as at 31 December 2020:

Givaudan Scheme	18 years
Quest Scheme	20 years

Amounts recognised in the statement of comprehensive income are as follows:

	Givaudan Scheme		Quest Scheme		Total	Total
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Administration expenses	580	295	214	540	794	835
Past service cost	160	-	20	-	180	-
Settlement cost	1,965	-	-	-	1,965	-
Net interest (income)/ cost	(256)	(500)	(209)	(27)	(465)	(527)
	2,449	(205)	25	513	2,474	308

Net interest cost/ (income) on pension schemes have been presented within finance income/cost in the statement of comprehensive income. The service costs and settlement costs, including administration expenses are included within the functional costs in proportion to the headcount. An Enhanced Transfer Value (ETV) exercise was completed during the year and an estimate of the reduction in liabilities in respect of the ETV was recognised as a settlement cost.

Amounts recognised within other comprehensive income in the Statement of comprehensive income:

	Givaudan Scheme		Quest Scheme		Total	Total
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Net remeasurement (gains)/losses due to:						
Experience	1,906	110	(1,518)	(1,570)	388	(1,460)
Demographic assumption changes	(2,823)	(1,211)	(2,753)	(4,916)	(5,576)	(6,127)
Economic assumption changes	7,861	7,101	27,436	30,921	35,297	38,022
Return on scheme assets excluding interest income	(4,915)	(4,084)	(22,053)	(25,834)	(26,968)	(29,918)
Total loss/(gain) due to remeasurements	2,029	1,916	1,112	(1,399)	3,141	517

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12. Retirement benefit schemes (continued)

The amount included in the statement of financial position arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	Givaudan Scheme		Quest Scheme		Total	Total
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	(54,033)	(56,468)	(244,015)	(224,936)	(298,048)	(281,404)
Fair value of scheme assets	66,331	72,692	253,001	229,469	319,332	302,161
Net asset/(liability) recognised	12,298	16,224	8,986	7,933	21,284	20,757

Movements in the present value of defined benefit obligations were as follows:

	Givaudan Scheme		Quest Scheme		Total	Total
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	56,468	51,180	224,936	201,524	281,404	252,704
Service cost	-	295	-	540	-	835
Past service cost	160	-	20	-	180	-
Interest cost	946	1,443	4,429	5,780	5,375	7,223
Net remeasurement (gains)/ losses due to experience	1,906	110	(1,518)	(1,570)	388	(1,460)
Net remeasurement (gains) due to demographic assumption changes	(2,823)	(1,211)	(2,753)	(4,916)	(5,576)	(6,127)
Net remeasurement (gains)/ losses due to assumption changes	7,861	7,101	27,436	30,921	35,297	38,022
Benefits paid	(2,674)	(2,450)	(8,535)	(7,343)	(11,209)	(9,793)
Settlements	(7,811)	-	-	-	(7,811)	-
Balance at 31 December	54,033	56,468	244,015	224,936	298,048	281,404

Movements in the fair value of scheme assets were as follows:

	Givaudan Scheme		Quest Scheme		Total	Total
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	72,692	68,300	229,469	199,957	302,161	268,257
Interest income on plan assets	1,202	1,943	4,637	5,807	5,839	7,750
Return on scheme assets excluding interest income	4,915	4,084	22,053	25,834	26,968	29,918
Contributions from the employer	552	815	5,591	5,214	6,143	6,029
Benefits paid	(3,254)	(2,450)	(8,749)	(7,343)	(12,003)	(9,793)
Settlements	(9,776)	-	-	-	(9,776)	-
Balance at 31 December	66,331	72,692	253,001	229,469	319,332	302,161

12. Retirement benefit schemes (continued)

The analysis of the scheme assets at the balance sheet date was as follows:

	Givaudan Scheme		Quest Scheme	
	2020	2019	2020	2019
	%	%	%	%
Equity securities	8.48	4.20	26.97	15.90
Debt securities	81.34	85.20	40.63	45.30
Cash and accruals	1.70	0.70	5.42	2.80
Alternative Investments	8.48	9.90	26.98	36.00
	100.00	100.00	100.00	100.00

The estimated amount of contributions expected to be paid to the schemes during the financial year 2021 is £5.0 million (2019: £5.9m).

Under the funding schedule agreed with the scheme trustees, the Company continues to fund the pension with the Company monitoring funding levels every three years. The funding schedule will be reviewed between the Company and the trustees every year, based on actuarial valuations. The Company considers that the combined contribution rates agreed with the trustees are sufficient.

13. Goodwill

	£'000
Cost	
At 1 January and 31 December 2020	9,396
Impairment losses	
At 31 December 2020	-
Carrying amount	
At 1 January and 31 December 2020	9,396

Goodwill is allocated to the Company's cash-generating units and relates to the acquisition of the business, assets and liabilities of Tastemaker Limited and the Food Ingredients Specialities business and was originally being amortised over 20 years. The deemed cost disclosed above comprises the original cost value of £22,047,000 less accumulated amortisation up to and including 31 December 2009 (the transition date to IFRS) of £12,651,000 as recorded in the UK GAAP financial statements of the Company.

The Company prepares cash flow forecasts for a period of five years on the basis of the most recent financial budgets approved by management for the next financial year. The cash flows are discounted with a weighted average cost of capital (pre-tax) of 8.2%. Assumptions for changing selling prices and direct costs are based on past practices and expectations of future changes in the market. It is anticipated that sales volumes will increase at the rate of 2% for the next 5 years (2019: 2% for the next 5 years) on the basis of recent experience and at a rate of 1% thereafter into perpetuity on the basis of UK industry outlook report by IMF. Sensitivity analysis shows that by changing growth rates and WACC by +/-2% points does not materially change the Economic Value of the cash flows.

In the opinion of the directors, based on the analysis of forecast future cash flows for the Flavours cash generating unit, at the beginning and end of the financial year the recoverable amount of goodwill was substantially in excess of its book value, indicating no impairment of its carrying value.

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14. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Right-of-use Land & buildings £'000	Right-of-use Plant & machinery £'000	Assets under construction £'000	Total £'000
Cost							
At 1 January 2019	41,180	21,092	10	613	1,488	58	64,441
Additions	-	-	-	-	-	1,779	1,779
Transfers between categories	405	771	-	-	-	(1,176)	-
Disposals	(26)	(134)	-	-	-	-	(160)
At 31 December 2019	**41,559**	**21,729**	**10**	**613**	**1,488**	**661**	**66,060**
Additions	-	-	-	-	296	2,453	2,749
Transfers between categories	1,336	1,118	-	-	-	(2,454)	-
Disposals	(34)	(269)	-	-	-	-	(303)
Interco transfer	-	(140)	-	-	-	-	(140)
At 31 December 2020	**42,861**	**22,438**	**10**	**613**	**1,784**	**660**	**68,366**
Depreciation							
At 1 January 2019	14,313	14,855	10	-	-	-	29,178
Eliminated on disposals	(3)	(129)	-	-	-	-	(132)
Charge for the year	1,218	1,131	-	123	395	-	2,867
At 31 December 2019	**15,528**	**15,857**	**10**	**123**	**395**	**-**	**31,913**
Eliminated on disposals	(7)	(269)	-	-	-	-	(276)
Charge for the year	1,032	1,062	-	123	440	-	2,657
Interco transfer	-	(96)	-	-	-	-	(96)
At 31 December 2020	**16,553**	**16,554**	**10**	**246**	**835**	**-**	**34,198**
Carrying value							
At 31 December 2019	**26,031**	**5,872**	**-**	**490**	**1,093**	**661**	**34,147**
At 31 December 2020	**26,308**	**5,884**	**-**	**367**	**949**	**660**	**34,168**

There are £237k (2019: £610k) capital commitments for the acquisition of property, plant and equipment for the following year ended 31 December 2021.

15. Deferred tax

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. However, on 17 March 2020 the rate was determined to stay at 19% and this rate has been used in the calculation of current tax and deferred tax at the balance sheet date. It has since been announced in the spring 2021 budget that legislation will be introduced in the Finance bill 2021 to set the main rate of corporation tax for large Companies at 25% for financial year 2023. However, as this change was not enacted at Givaudan's year end date, it has not been reflected in the year ended 2020 tax workings.

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £'000	Short-term temporary differences £'000	Pension relief temporary difference £'000	Pension spread £'000	Share based payment £'000	Total £'000
As at 1 January 2019	(3,424)	140	(2,643)	703	719	(4,505)
Credit/(expense) to profit	(82)	(26)	(974)	(352)	140	(1,294)
Charge to OCI	-	-	88	-	-	88
As at 31 December 2019	**(3,506)**	**114**	**(3,529)**	**351**	**859**	**(5,711)**
Credit/(expense) to profit	(92)	(2)	(697)	(392)	90	(1,093)
Adjustment in respect of rate change from 17%	(412)	13	(1,236)	41	-	(1,594)
Charge to OCI	-	-	1,418	-	-	1418
At 31 December 2020 (non-current)	**(4,010)**	**125**	**(4,044)**	**-**	**949**	**(6,980)**

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16. Inventories

	2020 £'000	2019 £'000
Raw materials	19,619	18,057
Work-in-progress	70	15
Finished goods	3,787	5,376
	23,476	23,448

There is no material difference between stock cost and replacement value.

17. Trade and other receivables

	2020 £'000	2019 £'000
Amount receivable for the sale of goods to 3rd parties	21,940	22,029
Amount receivable for the sale of goods to related parties (note 26)	40,285	33,128
Allowance for doubtful debts	(171)	(170)
	62,054	54,987
Other debtors	11	50
Current taxes asset	1,701	962
Prepayments	998	902
	64,764	56,901

Trade receivables disclosed above are measured at amortised cost.

Givaudan UK Limited stipulate terms stated on the order confirmation, whereby payment without discount is ordinarily expected 30 days from the date of the invoice. However, some overseas customers have individually agreed payment terms, with the longest credit terms offered being 360 days. The Company reserves the right to suspend further deliveries, or require any satisfactory securities, in the event that the customer fails to pay in full for any one shipment when it becomes due.

No interest is charged on intergroup balances.

Trade receivables disclosed above include amounts, which are past due at the reporting date, but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

17. Trade and other receivables (continued)

Movement in the allowance for doubtful debt

	2020 £'000	2019 £'000
Balance at the beginning of the period	170	123
Amounts recovered during the year	(173)	(43)
Increase in provision in the year	174	90
Balance at the end of the period	171	170

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

18. Financial instruments

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Counterparty risk related to financial institutions is centrally managed by the Group treasury function. Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, on-going credit evaluation and account monitoring procedures. Generally, there is no significant concentration of trade receivables or commercial counterparty credit risk, due to a large number of customers the Company deals with.

Credit evaluations are performed on all new customers and on a cyclical basis for existing customers. All overdue debts are regularly monitored and appropriate action taken.

Liquidity risk management

The Company works with the Givaudan group treasury department to actively maintain a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient funds available for operations.

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18. Financial instruments (continued)

Liquidity risk management (continued)

The following table analyses the Company's remaining contractual maturity for the financial liabilities. Long term and short term debt represents capitalised lease liabilities. Derivative financial instruments have not been included for this purpose since the derivative financial instruments are managed and held at Group level. Group Treasury monitors and managed cash at the group level and defines the cash level at subsidiary level. Cash surpluses held by the Company over and above the amounts required for working capital management are transferred to the central treasury centre. The surplus cash is generally invested in interest bearing current accounts, time deposits, money market deposits and funds.

	Up to 6 months £'000	6-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
2019					
Trade and other payables	56,721	-	-	-	56,721
Short term debt: lease liabilities	-	489	-	-	489
Long term Debt: lease liabilities	-	-	1,190	-	1,190
Borrowings	-	-	35,344	-	35,344
Balance as at 31 December 2019	**56,721**	**489**	**36,534**	**-**	**93,744**

	Up to 6 months £'000	6-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
2020					
Trade and other payables	65,273	-	-	-	65,273
Short term debt: lease liabilities	-	342	-	-	342
Long term Debt: lease liabilities	-	-	1,044	-	1,044
Borrowings	-	35,344	-	-	35,344
Balance as at 31 December 2019	**65,273**	**35,686**	**1.044**	**-**	**102,003**

Fair value measurements

The following table presents the Company's assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is measured:

Level 1 – inputs to measure fair value are those derived from quoted prices (adjusted) in active markets for identical assets or liabilities;

Level 2 – inputs to measure fair value are those derived from inputs other than those quoted included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs to measure fair value are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18. Financial instruments (continued)

Fair value measurements (continued)

	2020 Level 2 £'000	2019 Level 2 £'000
Financial assets at fair value through Profit and Loss		
Forward foreign exchange contracts	40	116
Total financial instrument assets	40	116
Financial liabilities at fair value through Profit and Loss		
Forward foreign exchange contracts	(205)	(13)
Total financial instrument liabilities	(205)	(13)
Net financial instruments	**(165)**	**103**

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to its parent Company through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Company is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the year end is as follows:

	2020 £'000	2019 £'000
Debt (note 20)	36,730	37,023
Cash and cash equivalents	(128,620)	(120,622)
Net cash	(91,890)	(83,599)
Equity	171,906	165,253
Net cash to equity ratio	53.45%	50.59%

18. Financial instruments (continued)

Categories of financial instruments

	2020 £'000	2019 £'000
Financial assets:		
Cash and bank	128,620	120,622
Loans and receivables: trade and other receivables (note 17)	62,065	55,037
Derivative instruments in currency hedge relationships	-	103
Financial liabilities:		
Loans and payables:		
Loans from related parties	35,344	35,344
Lease liabilities	1,386	1,679
Trade and other payables (note 19)	65,273	56,721
Derivative instruments in currency hedge relationships	165	-

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables designated. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such loans and receivables. Other than the Derivative instruments, all other financial assets are held at amortised cost.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group company, Givaudan Finance SA enters into a derivative financial instrument to manage its exposure to foreign currency risk on behalf of the group. This derivative financial instrument provides forward foreign exchange contracts to hedge the exchange rate risk arising.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The following table summarises the sensitivity to transactional currency exposures of the main currencies at 31 December 2020. The sensitivity analysis is disclosed for each currency representing the significant exposure:

Currency risks 2020	EUR £'000	USD £'000	CHF £'000
Reasonable shift	6%	11%	5%
Impact on profit if currency strengthens against all other currencies	2,834	15,544	193
Impact on profit if currency weakens against all other currencies	(5,344)	(4,958)	(249)
Impact on net assets if currency strengthens against all other currencies	(12)	549	31
Impact on net assets if currency weakens against all other currencies	13	(684)	(35)

The sensitivity is based on the exposure at the date of the statement of financial position and based on assumptions deemed reasonable by management, showing the impact on income before tax. The management uses historical volatilities of the significant currencies contributing to the exposure to determine the reasonable change.

18. Financial instruments (continued)

Forward foreign exchange contracts

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. These contracts are advised to the Company by Givaudan Finance SA, who manages the forward foreign exchange contracts for all group companies. At the balance sheet date, the net value of the derivative financial instruments measured at fair value was £165k liability (2019: £103k asset).

Interest rate risk management

All outstanding loans are with the ultimate parent Company and are at floating rates of interest, which are benchmarked against third party arm's length equivalents. Currently the Company is comfortable with the level of exposure.

Other price risks

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the cost of managing exposure to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

19. Trade and other payables

	2020 £'000	2019 £'000
Trade creditors third parties	19,214	23,391
Trade creditors related parties (note 26)	26,653	20,401
Other taxes payable	11,052	4,073
Other creditors	1,130	1,924
Accruals	7,224	6,932
	65,273	56,721

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 36 days (2019: 36 days).

For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, some suppliers charge interest on the outstanding balances at various interest rates. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. No interest is payable on intergroup balances.

The directors consider that the carrying amount of trade payables approximates to their fair value.

20. Debt

	2020 £'000	2019 £'000
Unsecured borrowing at amortised cost: Loan from Givaudan Finance SA	35,344	35,344
Short Term Debt: Lease liabilities	342	489
Long Term Debt: Lease liabilities	1,044	1,190
Total Debt	36,730	37,023

The loan from Givaudan Finance SA is unsecured, carries interest at GBP Swap Rate plus 65 base points, the rate will be reset semi-annually. The loan agreement was renewed in June 2018 for a further three years and so during 2020 the loan changed from a non-current liability to a current liability.

Long Term Debt: Lease liabilities amount of £1,044,000 (2019: £1,190,000) represents the proportion of capitalised lease liabilities, where the lease payments due are expected to take place more than one year after the 31 December 2020.

21. Provisions

	2020 £'000	2019 £'000
Restructuring provision	62	62
Other	592	604
	654	666
Current	62	62
Non-current	592	604
	654	666

	Restructuring provision £'000	Dilapidations provision £'000	ICI speciality pension £'000	Total £'000
As at 1 January 2020	62	213	391	666
Utilisation of provision	-	-	(12)	(12)
As at 31 December 2020	62	213	379	654

The restructuring provision includes the on-going restructure costs related to divisional reorganisation. The expected costs are likely to occur within 6 months of the period end. The dilapidations provision is for the dilapidation cost of the Staines office. It represents the management's best estimated cost of returning the building back to its original condition, at the end of the lease agreement, which is in 2028. The ICI speciality pension provision relates to a provision for ex-gratia pension top-up for 2 former employees. The Company will continue to make payments until the natural expiry of the pension, which the Company considers will be longer than one year from the end of the accounting period.

22. Share capital

	2020 £'000	2019 £'000
Authorised:		
100,000 ordinary shares of £1 each	100	100
Issued and fully paid:		
70,000 ordinary shares of £1 each	70	70

The Company has one class of ordinary shares which carry no right to fixed income.

23. Share-based payments

Key members of Givaudan UK Limited are invited to partake in a performance share plan established by the parent Company Givaudan SA using that Company's share capital. As such the disclosure included below is denominated in Swiss Francs, being the local currency of the parent Company.

Performance share plan

Performance shares are granted on a yearly basis. These performance shares are converted into tradable and transferable shares of Givaudan SA after the vesting period, subject to performance conditions. The performance metric is the comparison of the business plan to the actual cumulative free cash flow. There is no market vesting condition involved and the participation in this plan is mandatory

Year of Grant	Commencing Date	Vesting Date	Number of shares expected to be delivered at vesting date	Weighted average fair value (CHF)
2017	31.3.17	15.4.20	4,244	1,621.6
2018	31.3.18	15.4.21	3,798	1,993.3
2019	31.3.19	15.4.22	3,654	2,289.6
2020	31.1.20	15.4.23	3,309	2,794.5

The cost of these shares amounted to £2,079,000 (2019: £1,836,000) and has been expensed in the statement of comprehensive income. Both of the directors exercised performance share plan options during 2020.

The following table shows the details of the performance shares which were exercised during 2020:

Year of Grant	Commencing Date	Vesting Date	Number of shares distributed at vesting date	Weighted average fair value (CHF)
2017	31.3.17	15.4.20	1,397	3,188.13

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23. Share-based payments (continued)

Movements in the number of performance shares outstanding are as follows:

	2020	2019
Number of performance shares as at 1 January	**3,654**	**3,798**
Granted	1,065	1,070
Forfeited	(13)	(78)
Exercised	(1,397)	(1,136)
Number of performance shares as at 31 December	**3,309**	**3,654**

24. Notes to the cash flow statement

	2020 £'000	2019 £'000
Profit for the year	6,297	9,159
Adjustments for:		
Movement in pension balances	(3,374)	(5,727)
Finance income	(178)	(656)
Finance costs	406	587
Share-based payment expense	2,079	1,836
Depreciation of property, plant and equipment	2,657	2,867
Loss on disposal of property, plant and equipment	27	29
Interest on capitalised leases	18	22
Increase in deferred taxes	2,689	1,294
(Decrease) in short-term provisions	-	(143)
(Increase)/decrease in derivative financial instruments	268	(244)
(Decrease) in long-term provisions	(12)	(12)
(Decrease) in capitalised lease liabilities	(293)	-
Operating cash flows before movements in working capital	10,584	9,012
(Increase) in inventories	(28)	(883)
Decrease/(Increase) in receivables	(7,127)	12,637
(Decrease)/Increase in payables	8,552	(5,480)
Cash generated by operations	11,981	15,286
Income tax received/(paid)	(740)	466
Net cash flow from operating activities	11,241	15,752

24. Notes to the cash flow statement (continued)

Cash and cash equivalents

	2020 £'000	2019 £'000
Cash and bank balances	128,620	120,622

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Gross Debt reconciliation	1 January 2020 £'000	Financing cash flows £'000	Other changes £'000	Fair value revaluation £'000	31 December 2020 £'000
Loan from related parties (note 20)	35,344	-	-	-	35,344
Lease liabilities(note 20)	1,679	(606)	313	-	1,386
Total liabilities from financing activities	37,023	(606)	313	-	36,730

25. Operating lease arrangements

The Company as lessee

At the balance sheet date, the Company had outstanding commitments for total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £'000	2019 £'000
Within one year	41	12
In the second to fifth years inclusive	3	8
	44	20

Operating lease payments represent rentals payable by the Company for certain items of plant and machinery. The outstanding commitments value £44,000 as at 31 December 2020 represents items of plant and machinery and office equipment. Of the total £44,000 outstanding lease commitments, £2,000 relate to short term leases and £42,000 relate to leases of low value.

Givaudan UK Limited

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26. Related party transactions

Transactions between the Company and its relevant associates disclosed below are with the ultimate parent Company, Givaudan SA and its subsidiaries.

Trading transactions

During the year the Company entered into the following transactions with related parties, being other members of the Givaudan worldwide group:

	Services rendered		Services received	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Givaudan International	2,815	2,605	4,407	4,370
Givaudan SA	292	227	-	-
Givaudan Fragrances France	97	166	125	263
Fragrance Oils (International) Limited	277		-	
Givaudan Japan	-	-	141	138
Givaudan Netherlands	172	151	-	-
Givaudan Singapore	274	225	-	-
Givaudan Fragrances USA	-	-	-	42
	3,927	3,374	4,673	4,813

	Sales of goods		Purchase of goods	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Givaudan Argentina	242	213	232	204
Givaudan Brazil	544	473	521	450
Givaudan Switzerland	1,425	1,458	1,369	1,424
Givaudan International	145,308	164,166	135,091	145,562
Givaudan Fragrances China	655	361	593	348
Givaudan Columbia	-	-	11	15
Givaudan Germany	4	8	4	8
Givaudan Spain	-	9	-	9
Givaudan Fragrances France	389	465	372	453
Givaudan Hungary	4	-	4	-
Givaudan Indonesia	187	134	153	114
Givaudan India	534	429	456	379
Givaudan Japan	1	18	1	13
Givaudan Mexico	29	-	28	-
Givaudan Netherlands	11	-	10	-
Givaudan Singapore	324	246	293	216
Givaudan Thailand	-	-	-	1
Givaudan Flavours USA	1	-	1	-
Givaudan Fragrances USA	1,090	875	925	778
Givaudan South Africa	-	3	-	-
	150,748	168,858	140,064	149,974

26. Related party transactions (continued)

	Other operating income		Other operating expense	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Givaudan Finance	2,456	3,339	2,880	4,333
Givaudan Treasury International	144	655	-	-
Givaudan Switzerland	16	13	-	-
Givaudan International	10,866	11,918	359	2,491
Givaudan International CHF	241	-	438	-
Givaudan SA	14,957	15,674	-	-
Givaudan Fragrances France	20	19	-	438
Naturex SA	9	-	-	-
Givaudan Germany	1	1	-	-
Givaudan Spain	4	3	-	-
Givaudan Hungary	3	2	-	-
Givaudan Business Solutions	4	3	-	-
Givaudan Netherlands	4	3	-	-
Givaudan UK Holdings	6	6	-	-
Givaudan USA Fragrances	-	-	431	
	28,731	31,636	4,108	7,262

26. Related party transactions (continued)

The following amounts were outstanding at the balance sheet date:

	Accounts receivables		Accounts payables	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Givaudan Argentina	30	73	6	1
Givaudan Brazil	58	64	30	28
Givaudan Switzerland	269	177	710	302
Givaudan International	30,603	25,741	17,807	12,407
Givaudan International CHF	1,004	660	482	201
Givaudan SA	2,703	1,495	-	-
Givaudan Finance	-	-	8	14
Givaudan Fragrances China	266	93	24	45
Givaudan Germany	2	3	-	-
Givaudan Spain	4	-	-	19
Givaudan Fragrances France	168	32	61	48
Soliance France	9	-	-	-
Albert Vieille SAS	-	-	46	-
Fragrance Oils Ltd	281	-	-	-
Givaudan 2007 UK	-	-	7,112	7,112
Givaudan UK Holdings	4,465	4,459	-	-
Ungerer Ltd	-	-	65	-
Givaudan Hungary KFT	7	-	-	-
Givaudan Business solutions DC	4	3	-	-
Givaudan Indonesia	26	29	-	-
Givaudan India	91	65	43	6
Givaudan Japan	-	55	40	38
Givaudan Mexico	3	6	-	57
Givaudan Netherlands	43	19	2	-
Givaudan Singapore	154	10	138	111
Givaudan Thailand	-	24	-	-
Givaudan Flavours USA	-	-	-	6
Givaudan Fragrances USA	95	105	79	6
Givaudan South Africa	-	15	-	-
	40,285	33,128	26,653	20,401

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. The related party transactions were made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated.

	Loans outstanding	
	2020	2019
	£'000	£'000
Givaudan Finance SA	35,344	35,344

27. Ultimate parent undertaking

The Company's controlling party and ultimate parent undertaking is Givaudan SA, a publicly quoted Swiss Company. This is the largest and smallest group, in which the results are consolidated. Copies of the group financial statements of Givaudan SA in which the results of the Company are consolidated can be obtained from the Givaudan website or from Givaudan SA, whose registered address is 5 Chemin de la Perfumerie, 1214 Vernier, Switzerland.

No other consolidated financial statements include the results of the Company.