# Glanbia Milk Limited

## Directors' report and financial statements

## Registered number: 00699663

## 31 December 2022

## Contents

## Company information

| | |
|---|---|
| **Directors** | M Garvey<br>L Hennigan |
| **Company secretary** | L Hennigan |
| **Registered number** | 00699663 |
| **Registered office** | The Colmore Building<br>20 Colmore Circus<br>Queensway<br>Birmingham<br>B4 6AT<br>United Kingdom |
| **Independent auditor** | Deloitte Ireland LLP<br>Chartered Accountants & Statutory Audit Firm<br>Deloitte & Touche House<br>Earlsfort Terrace<br>Dublin 2<br>Ireland |
| **Solicitors** | Pinsent Masons<br>55 Colmore Row<br>Birmingham<br>B3 2FG<br>United Kingdom |

## Strategic report

The Directors present their strategic report for the financial year ended 31 December 2022 31 December 2022(referred to as 2022 throughout the financial statements).

**Business review**
The Company continues to be principally engaged in the provision of management services to the Glanbia UK group.

The Company incurred a loss for the financial year of £2,139,223 (2021: profit of £1,706,339).

The loss for the financial year is net of an exceptional items expense of £1,423,189 (2021: credit of £1,960,839) (note 8 to the financial statements).

Exceptional items include pension related costs of £1,248,189 relating to the restructure of the defined benefit pension schemes, the Avonmore Pension Plan ("APP") and the Waterford Foods (UK) Group Pension Scheme ("WF(UK)GPS"). During 2022 there was an additional contribution from the Company of £1,540,000 in respect of Guaranteed Minimum Pension equalisation ("GMPe") liabilities for the WF(UK)GPS, which resulted in a settlement loss charged to the income statement of £178,000. Costs also include related advisory and execution costs; and redundancy costs of £175,000 (note 8 to the financial statements).

The results for the Company are set out in the income statement on page 9.

**Parent company**
The Company regards Glanbia plc, a company incorporated in Ireland, as its ultimate parent company.

The UK parent company is Glanbia (UK) Limited, a company registered in England and Wales.

**Principal risks and uncertainties**
The principal risks as at 31 December 2022 affecting the Company are potential non-payment of intercompany receivables and risks associated with the APP and the WF(UK)GPS, further details of which are disclosed in note 19 to the financial statements.

This report was approved by the board on 13 September 2023 and signed on its behalf.

DocuSigned by:
Liam Hennigan
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L Hennigan
Director

## Directors' report

The Directors present their report and the financial statements for the financial year ended 31 December 2022.

**Directors' responsibilities statement**
The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

**Principal activity**
The Company's main activity is the provision of management services to the Glanbia UK group.

**Results and dividends**
The loss for the financial year, after taxation, amounted to £2,139,223 (2021: profit of £1,706,339).

The Directors do not recommend payment of a dividend (2021: £nil).

**Going concern**
The Company incurred a loss of £2,139,223 for the financial year and shows a net liability position of £291,714 and as a result the Company has been notified by its ultimate holding and controlling company, Glanbia plc, that it is the intention of the ultimate holding and controlling company to provide any necessary financial assistance required. On considering the current and anticipated future financial position of the Company and the availability of financial assistance, where required, from Glanbia plc, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

**Directors**
The Directors who served during the financial year were:

M Garvey
L Hennigan (appointed 14 December 2022)
N O'Dwyer (resigned 14 December 2022)

**Directors' interests**
The Directors do not hold any beneficial interest (as defined by the Companies Act 2006) in the shares of the Company. In accordance with the Companies (Disclosure of Directors Interests) (Exceptions) Regulations 2006, as the Company is a wholly owned subsidiary of Glanbia plc, a body incorporated outside Great Britain, no directors' interests in that company are required to be disclosed.

**Future developments**
The Directors expect that the Company will continue to be principally engaged in the provision of management services to the Glanbia plc group in the United Kingdom for the foreseeable future.

## Directors' report (continued)

**Disclosure of information to auditors**
In accordance with the provisions of section 418 of the Companies Act 2006, each of the persons who are Directors at the time when this Directors' report is approved have confirmed that:

- so far as that 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 ought to have been taken as Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Director's indemnity**
The Company has entered into a qualifying third party indemnity arrangement for the benefit of its Directors as defined by section 234 of the Companies Act 2006 and which was in force throughout the year and remain in force.

**Adequate accounting records**
The Company's Directors are aware of their responsibilities, under section 386 of the Companies Act 2006, to maintain proper books of account and are discharging their responsibilities by using systems and procedures appropriate to the business and by employing qualified and experienced staff.

**Post balance sheet events**
There have been no significant events affecting the Company since the financial year end.

**Auditor**
A resolution of the shareholders has been passed to dispense with the appointment of an auditor annually. Deloitte Ireland LLP will therefore continue as auditor of the Company.

This report was approved by the board on 13 September 2023 and signed on its behalf.

DocuSigned by:
Liam Hennigan
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L Hennigan
Director

**Deloitte.**

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

**Independent auditor's report to the members of Glanbia Milk Limited**

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

**Opinion**

In our opinion the financial statements of Glanbia Milk Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of other comprehensive income;
- the Balance sheet;
- the Statement of changes in equity;
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**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.

We have nothing to report in this regard.

Deloitte.

**Independent auditor's report to the members of Glanbia Milk Limited**

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

**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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework(s) 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 2006 and tax legislation; and
- 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.

**Deloitte.**

**Independent auditor's report to the members of Glanbia Milk Limited**

**Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**
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.

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 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.

**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 have 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.

**Deloitte.**

**Independent auditor's report to the members of Glanbia Milk Limited**

**Use of our report**

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

Karen Goggin

Karen Goggin (Senior statutory auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2
Date: 14 September 2023

## Income statement

**for the financial year ended 31 December 2022**

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| Turnover | 2 | 279,525 | 312,980 |
| **Gross profit** | | 279,525 | 312,980 |
| Administrative expenses | | (967,449) | (543,031) |
| **Operating loss** | 3 | (687,924) | (230,051) |
| Other interest receivable and similar income | 6 | 49,052 | - |
| Interest payable and similar charges | 7 | (66,008) | (32,211) |
| **Loss on ordinary activities before exceptional items and taxation** | | (704,880) | (262,262) |
| Exceptional items | 8 | (1,423,189) | 1,960,839 |
| **(Loss)/profit before taxation** | | (2,128,069) | 1,698,577 |
| Tax (charge)/credit on profit on ordinary activities | 9 | (11,154) | 7,762 |
| **(Loss)/profit for the financial year** | | (2,139,223) | 1,706,339 |

The notes on pages 13 to 25 form part of these financial statements.

## Statement of other comprehensive income

**for the financial year ended 31 December 2022**

| | Note | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| (Loss)/profit for the financial year | | **(2,139,223)** | 1,706,339 |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified to profit** | | | |
| Remeasurement of net defined benefit pension liability | **15** | **1,010,000** | (1,510,000) |
| **Other comprehensive income for the financial year, net of income tax** | | **1,010,000** | (1,510,000) |
| **Total comprehensive income for the financial year** | | **(1,129,223)** | 196,339 |

The notes on pages 13 to 25 form part of these financial statements.

## Balance sheet

**as at 31 December 2022**

| | Note | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| **Fixed assets** | | | |
| Right-of-use assets | 10 | - | 20,085 |
| | | - | 20,085 |
| **Current assets** | | | |
| Debtors: amounts falling due within one year | 11 | 454,451 | 342,176 |
| Cash at bank and in hand | | 1,880,139 | 5,089,270 |
| | | 2,334,590 | 5,431,446 |
| **Creditors:** amounts falling due within one year | 12 | (1,438,303) | (778,308) |
| **Net current assets** | | 896,287 | 4,653,138 |
| **Total assets less current liabilities** | | 896,287 | 4,673,223 |
| **Creditors:** amounts falling due after more than one year | 13 | - | (1,713) |
| **Provisions for liabilities** | | | |
| Retirement benefit obligation | 15 | (1,188,001) | (3,834,001) |
| **Net (liabilities)/assets** | | (291,714) | 837,509 |
| **Capital and reserves** | | | |
| Called up share capital presented as equity | 16 | 100,000 | 100,000 |
| Profit and loss account | | (391,714) | 737,509 |
| **Shareholder's equity** | | (291,714) | 837,509 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2023

DocuSigned by:
Liam Hennigan
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L Hennigan
Director

The notes on pages 13 to 25 form part of these financial statements.

## Statement of changes in equity

**for the financial year ended 31 December 2022**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---|---|---|
| **Balance at 3 January 2021** | 100,000 | 541,170 | 641,170 |
| **Total comprehensive income for the financial year:** | | | |
| Profit for the financial year | - | 1,706,339 | 1,706,339 |
| Remeasurement of net defined benefit pension liability net of deferred tax (note 15) | - | (1,510,000) | (1,510,000) |
| **Total comprehensive income for the financial year** | - | 196,339 | 196,339 |
| **Balance at 1 January 2022** | **100,000** | **737,509** | **837,509** |
| **Total comprehensive income for the financial year:** | | | |
| Loss for the financial year | - | **(2,139,223)** | **(2,139,223)** |
| Remeasurement of net defined benefit pension liability net of deferred tax (note 15) | - | **1,010,000** | **1,010,000** |
| **Total comprehensive income for the financial year** | - | **(1,129,223)** | **(1,129,223)** |
| **Balance at 31 December 2022** | **100,000** | **(391,714)** | **(291,714)** |

## Notes to the financial statements

### 1. Accounting policies

### 1.1. Basis of preparation

Glanbia Milk Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The address of its registered office is The Colmore Building, 20 Colmore Circus, Queensway, Birmingham B4 6AT.

These financial statements are prepared for the 52-week period ended 31 December 2022. Comparatives are for the 52-week period ended 1 January 2022. The balance sheets for 2022 and 2021 have been drawn up as at 31 December 2022 and 1 January 2022.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken advantage of the following disclosure exemptions under FRS 101, where applicable:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- additional comparative information;
- disclosures in respect of transactions entered into between two or more members of a group;
- disclosures in respect of capital management;
- disclosures in respect of paragraph 52 of IFRS 16 'Leases'
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Glanbia plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures where applicable:

- IFRS 2 'Share Based Payments' in respect of group settled share based payments;
- certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- disclosures required by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the cash flows of discontinued operations;
- certain disclosures required by IFRS 3 'Business Combinations' in respect of business combinations undertaken by the Company; and
- disclosures required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instrument Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared in pound sterling ("£"), which is the Company's functional currency.

**Going concern**

The Company incurred a loss of £2,139,223 for the financial year and shows a net liability position of £291,714 and as a result the Company has been notified by its ultimate holding and controlling company, Glanbia plc, that it is the intention of the ultimate holding and controlling company to provide any necessary financial assistance required. On considering the current and anticipated future financial position of the Company and the availability of financial assistance, where required, from Glanbia plc, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

### 1.2. Measurement convention

The financial statements have been prepared under the historical cost convention except, where applicable, as modified by use of fair values for certain other financial assets and derivative financial instruments.

### 1.3. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are generally depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

### 1.4. Debtors

Trade and other debtors are classified and measured at amortised cost as they are held to collect contractual cash flows which comprise solely payments of principal and interest, where applicable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition or where there has been a credit impaired event, a lifetime expected loss allowance is recognised, irrespective of the timing of the default.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debtors. A loss allowance for debtors is estimated based on expected credit losses. To measure expected credit losses, historical loss rates are calculated based on historical credit loss experience. The loss allowance based on historical loss rates is adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors, which affect the ability of the debtors to settle the debt. Debtors are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in a repayment plan with the Company.

### 1.5. Cash at bank and in hand

Cash at bank and in hand comprise cash on hand and deposits held on call with banks.

### 1.6. Creditors

Trade and other creditors are recognised initially at their fair value and subsequently measured at amortised cost.

### 1.7. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate ("IBR") at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

For leases of plant and equipment, and motor vehicles for which the Company is a lessee, it has elected not to separate lease and non-lease components, and instead account for these as a single lease component.

### 1.8. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### 1.9. Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

#### 1.10. Revenue

The Company provides management services to the Glanbia UK group and advisory services to a fellow Irish group undertaking. The Company recognises revenue on a straight line basis over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on the number of months for which services are provided over the period of service i.e. each financial year. The Company invoices for the services provided annually at the end of the financial year. The invoices are usually payable within 30 days.

#### 1.11. Employee benefits

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays contributions into a separate entity. The Company has no legal or constructive obligation to pay any further contributions to the defined contribution pension plan. The contributions are recognised as an employee benefit expense in the income statement when they are due.

**Defined benefit pension plan**

The Company is the principal employer to the Avonmore Pension Plan ("APP") and Waterford Foods (UK) Group Pension Plan ("WF(UK)GPS"). A defined benefit plan defines the pension benefit that a member of the plan will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The fair value of plan assets is based on market price information and in the case of quoted securities in active markets it is the published bid price.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the income statement in subsequent periods.

A curtailment arises when the Company significantly reduces the number of employees or employee entitlements covered by a plan. A past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases).

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as a 'finance cost'.

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions).

The gain or loss on a settlement is the difference between:
(a) the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
(b) the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### 1.12. Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Finance Act 2023 received Royal Assent on 10 January 2023. The UK corporation tax rate increased to 25% from 1 April 2023 for companies with profits over £250,000 but remains at 19% for companies with profits of £50,000 or less and tapering will apply for companies with profits between £50,000 and £250,000. The lower and upper limits will be proportionately reduced for short accounting periods and where there are associated companies.

Deferred taxes at the balance sheet date have been measured using the 25% tax rate and reflected in these financial statements.

(i) Current tax
Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Company balance sheet date in countries where the Company operates and generates taxable income, taking into account adjustments relating to prior years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax
Deferred tax is determined using tax rates and laws enacted or substantively enacted at the balance sheet. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences at the balance sheet between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### 1.13. Interest receivable and interest payable

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

Interest payable and similar expenses include, where applicable, interest payable using the effective interest method, the interest expense component of lease liabilities, facility fees and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested.

#### 1.14. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in this note 1, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that could have the most significant impact on causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are further discussed in note 19.

## Notes to the financial statements (continued)

### 2. Analysis of turnover

An analysis of turnover by class of business is as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Management income | 196,662 | 288,459 |
| Advisory services | 82,863 | 24,521 |
| | 279,525 | 312,980 |

Analysis of turnover by country of destination:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| United Kingdom | 196,662 | 288,459 |
| Republic of Ireland | 82,863 | 24,521 |
| | 279,525 | 312,980 |

### 3. Operating loss

The operating loss is stated after charging:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Foreign currency exchange gain | (912) | (1,146) |
| Audit fees payable to the Company's auditor | 3,165 | 2,404 |
| Depreciation of right-of-use assets (note 10) | 2,998 | 20,383 |

### 4. Employees

Staff costs, including Directors' remuneration, were as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 370,171 | 190,024 |
| Social security costs | 56,541 | 23,284 |
| Contributions to defined contribution pension plan | 11,351 | 8,952 |
| | 438,063 | 222,260 |

The Company operates a defined contribution pension plan for employees. The assets of the plan are held separately from those of the Company. The annual employer contributions payable are charged to the income statement. The pension charge to the Company for employees for 2022 amounted to £11,351 (2021: £8,952).

The average monthly number of employees, including the Directors, during the financial year was as follows:

| | 2022 | 2021 |
|---|---|---|
| | No. | No. |
| Administration | 3 | 2 |

### 5. Directors' remuneration

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Directors' emoluments | 118,701 | 139,864 |
| Directors' national insurance | 20,564 | 18,082 |
| Contributions to defined contribution pension plan | 6,807 | 6,615 |
| | 146,072 | 164,561 |

## Notes to the financial statements (continued)

### 6. Other interest receivable and similar income

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Interest receivable | **49,052** | - |
| | **49,052** | - |

### 7. Interest payable and similar charges

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Interest expense on lease liabilities | **8** | 211 |
| Net interest on defined benefit pension plan obligations (note 15) | **66,000** | 32,000 |
| | **66,008** | 32,211 |

### 8. Exceptional items

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Pension related items (note (a)) | **1,248,189** | (1,960,839) |
| Organisation redesign costs (note (b)) | **175,000** | - |
| | **1,423,189** | (1,960,839) |

Note (a): pension related costs relate to the restructure of the defined benefit pension schemes, the APP and the WF(UK)GPS, which included initiating a process for the ultimate buyout and wind up of these schemes. During 2022 there was an additional contribution from the Company of £1,540,000 in respect of GMPe liabilities for the WF(UK)GPS, which resulted in a settlement loss charged to the income statement of £178,000. Costs also include related advisory and execution costs of £1,070,189.

The credit in the prior year for pension related costs relates to the Flexible Apportionment Arrangement that was entered into on 4 June 2021 (note 15). Items relate to cash received, net lability transferred, as well as related advisory and execution costs.

Note (b): organisation redesign costs relate to redundancy costs.

### 9. Taxation

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Current tax | - | - |
| Total current tax | - | - |
| Deferred tax charge/(credit) | **6,058** | (7,762) |
| Deferred tax charge - prior year | **5,096** | - |
| Total deferred tax charge/(credit) | **11,154** | (7,762) |
| Tax charge/(credit) on (loss)/profit | **11,154** | (7,762) |

## Notes to the financial statements (continued)

### 9. Taxation (continued)

**Factors affecting tax charge/(credit) for the financial year**

The tax charge/(credit) for the financial year is different than (2021: different than) the tax charge that would result from applying the standard rate of UK corporation tax to the (loss)/profit before taxation. The UK corporation tax rate is 19% (2021: 19%). The differences are explained below:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| (Loss)/profit before tax | **(2,128,069)** | 1,698,577 |
| (Loss)/profit multiplied by standard rate of corporation tax in the UK of 19%: (2021: 19%) | **(404,333)** | 322,730 |
| Effects of: | | |
| Transfer pricing adjustments | **(3,222)** | (179) |
| Excess of depreciation over capital allowances | **6,304** | (13,502) |
| Group relief surrendered | **630,940** | 327,054 |
| Expenses not deductible | **20** | 6,200 |
| Pension adjustment | **(218,555)** | (649,890) |
| Other reconciling difference | **-** | (175) |
| Total tax charge/(credit) on profit for the financial year | **11,154** | (7,762) |

**Factors that may affect future tax charges**

The total tax charge in future periods will be affected by any changes to the applicable UK tax rates and other relevant changes in tax legislation.

The tax charge for the year has increased by £630,940 (2021: £327,054) because of losses surrendered to a fellow subsidiary undertaking. No payment for this surrender is to be made to the Company.

### 10. Right-of-use assets

| | Land & Buildings |
|---|---|
| | £ |
| **Cost or valuation** | |
| At 2 January 2022 | **62,026** |
| Disposal | **(62,026)** |
| **At 31 December 2022** | **-** |
| **Depreciation** | |
| At 2 January 2022 | **41,941** |
| Charge for the financial year | **2,998** |
| Disposal | **(44,939)** |
| **At 31 December 2022** | **-** |
| **Carrying amount** | |
| At 1 January 2022 | 20,085 |
| **At 31 December 2022** | **-** |

**Other disclosures relating to leases**

There was no income from subleasing and gains/losses on sale and leaseback transactions. The total cash outflow for lease payments during the year was £7,620 (2021: £20,722). At 31 December 2022, the Company was committed to nil (2021: £17,079) for short-term leases.

The effect of excluding future cash outflows arising from variable lease payments, termination options, and residual value guarantees from lease liabilities does not apply to this Company.

## Notes to the financial statements (continued)

### 11. Debtors

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Due within one year:** | | |
| Amounts owed by Group undertakings (note (a)) | **172,116** | 194,349 |
| Amounts owed by joint ventures | **172,669** | 52,842 |
| Prepayments and accrued income | **3,601** | 4,406 |
| Value added tax | **76,824** | 50,184 |
| Deferred tax (note 14) | **29,241** | 40,395 |
| | **454,451** | 342,176 |

Note (a): the amounts owed by Group undertakings are unsecured, interest free and have no specified repayment date and are therefore due on demand.

### 12. Creditors: amounts falling due within one year

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Trade creditors | **203,689** | 97,241 |
| Amounts owed to Group undertakings (note (a)) | **827,070** | 375,187 |
| Accruals and deferred income | **407,544** | 288,801 |
| Current lease liability | **-** | 17,079 |
| | **1,438,303** | 778,308 |

Note (a): the amounts owed to Group undertakings are unsecured, interest free and have no specified repayment date and are therefore due on demand.

### 13. Creditors: amounts falling due after more than one year

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Non-current lease liability | **-** | 1,713 |
| | **-** | 1,713 |

### 14. Deferred taxation

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| At start of financial year – asset | **40,395** | 32,633 |
| (Charge)/credit to the income statement | **(11,154)** | 7,762 |
| At end of financial year – asset | **29,241** | 40,395 |

The deferred tax asset is made up as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Accelerated capital allowances | **29,241** | 40,395 |

At 31 December 2022 the Company had an unprovided deferred tax asset of £7,490,417 (2021: £7,424,137). The unprovided deferred tax asset is made up of other timing differences of £7,490,417 (2021: £7,424,137). There is insufficient evidence that this asset would be recoverable in future years.

## Notes to the financial statements (continued)

**15. Retirement benefit obligations**

A Flexible Apportionment Arrangement was entered into on 4 June 2021 whereby the Company became the principal Employer responsible for all liabilities in relation to the defined benefit group pension arrangements of two pension schemes in the UK, namely the APP and the WF(UK)GPS, with the Departing Employers including Glanbia Holdings Limited, the Company's immediate parent, Waterford Foods International Limited, a fellow group undertaking and Glanbia Cheese Limited, a joint venture of Waterford Foods International Limited becoming fully discharged from all liabilities in relation to the APP and WF(UK)GPS.

On the same day, the Trustee Boards of the APP and the WF(UK)GPS completed a bulk purchase annuity contract with a UK pension insurance specialist. It is the intention of the Trustee Boards that the contract will move to a full buy-out as soon as practical, following which the insurance company will become responsible for the obligations. On completion of the buy-out, the defined benefit assets (comprising the annuity policy) and matching defined benefit obligations will be derecognised from the Company's balance sheet.

The majority of the net pension liabilities at 31 December 2022 relates primarily to Guaranteed Minimum Pension equalisation ("GMPe"). These GMPe liabilities will require an additional contribution from the Company prior to the completion of the aforementioned buy-out. During 2022 there was an additional contribution from the Company of £1,540,000 in respect of these GMPe liabilities for the WF(UK)GPS which resulted in a settlement loss charged to the income statement of £178,000.

The APP and WF(UK)GPS provide benefits based on final salary and length of service on retirement, leaving service or death. The members of both plans comprise deferred and pensioner members only.

The plans are managed by a board of trustees appointed in part by the Company and in part from elections by members of the plans (the 'Trustees'). The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the plan assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The plans are subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the plans are carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the plans in these financial statements.

The principal risks associated with the bulk of the UK pension plans are mitigated by the bulk annuity policy. Accordingly the Company is exposed to the residual GMPe component of the UK pension plans. The most significant of those risks are detailed below:

**Investment risk**

The plans hold investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

**Interest rate risk**

The plans liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the plans hold assets such as equities the value of the assets and liabilities may not move in the same way.

**Inflation risk**

A significant proportion of the benefits under the plans are linked to inflation. Although the plan assets are expected to provide a good hedge against inflation over the long-term, movements over the short-term could lead to deficits emerging.

**Mortality risk**

In the event that members live longer than assumed an increased deficit will emerge in the plans.

## Notes to the financial statements (continued)

### 15. Retirement benefit obligations (continued)

Reconciliation of net defined benefit pension plan liability to the amounts recognised in the Company balance sheet:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Total defined benefit asset | 70,250 | 108,023 |
| Total defined benefit liability | (71,438) | (111,857) |
| Net liability for defined benefit pension liability (see the following table) | (1,188) | (3,834) |

Movements in net defined benefit (liability)/asset:

| | Present value of obligation | | Fair value of plan assets | | Net defined benefit (liability)/asset | |
|---|---|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Balance at start of year | (111,857) | - | 108,023 | - | (3,834) | - |
| Transfer from Group companies | - | (95,017) | - | 91,843 | - | (3,174) |
| Transfer from joint ventures | - | (10,425) | - | 10,482 | - | 57 |
| Interest (cost)/income (note 7) | (2,072) | (1,232) | 2,006 | 1,200 | (66) | (32) |
| Settlement loss | - | - | (178) | - | (178) | - |
| **Included in the income statement** | (2,072) | (1,232) | 1,828 | 1,200 | (244) | (32) |
| Remeasurements: | | | | | | |
| -Return of plan assets in excess of interest income | - | - | (35,250) | 6,393 | (35,250) | 6,393 |
| -Loss from experience adjustments | (3,923) | (977) | - | - | (3,923) | (977) |
| -(Loss)/gain from changes in demographic assumptions | (27) | 4 | - | - | (27) | 4 |
| -Gain/(loss) from changes in financial assumptions | 40,210 | (6,930) | - | - | 40,210 | (6,930) |
| **Included in other comprehensive income ("OCI")** | 36,260 | (7,903) | (35,250) | 6,393 | 1,010 | (1,510) |
| **Other** | | | | | | |
| Contributions paid by the employer | - | - | 1,880 | 825 | 1,880 | 825 |
| Benefits paid | 6,231 | 2,720 | (6,231) | (2,720) | - | - |
| **Balance at end of year** | (71,438) | (111,857) | 70,250 | 108,023 | (1,188) | (3,834) |

**Plan assets are comprised as follows:**

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Quoted £'000 | Unquoted £'000 | Total £'000 | Quoted £'000 | Unquoted £'000 | Total £'000 |
| Cash | 491 | - | 491 | 1,070 | - | 1,070 |
| Insured assets | - | 69,759 | 69,759 | - | 106,953 | 106,953 |
| | 491 | 69,759 | 70,250 | 1,070 | 106,953 | 108,023 |

**Actuarial assumptions**

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | 2022 | 2021 |
|---|---|---|
| Discount rate | 5.0% | 1.9% |
| Inflation rate | 2.65% - 3.30% | 2.80% - 3.40% |
| Future salary increases* | 0.00% | 0.00% |
| Future pension increases | 2.65% - 3.15% | 2.75% - 3.25% |

* The APP and WF(UK)GPS comprise solely of pensioners and deferred members.

## Notes to the financial statements (continued)

### 15. Retirement benefit obligations (continued)

**Mortality rates**

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience.

The mortality assumptions imply the following life expectancies in years of a member, aged 65, retiring now.

| | **2022 years** | 2021 years |
|---|---|---|
| Male | **21.2** | 21.1 |
| Female | **23.3** | 23.2 |

The mortality assumptions imply the following life expectancies in years of a member, aged 65, retiring in 20 years' time.

| | **2022 years** | 2021 years |
|---|---|---|
| Male | **22.2** | 22.1 |
| Female | **24.5** | 24.5 |

**Sensitivity analysis for principal assumptions used to measure plan liabilities**

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Company's defined benefit pension plans. The following table analyses, for the Company's pension plans, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, with all other assumptions remaining constant.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated. The impact on the plan liabilities has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised on the Company balance sheet.

There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis. A 0.50% movement in the discount and inflation rate has been assumed for the current year to reflect the increased volatility in the markets at the end of 2022.

**2022**

| **Assumption** | **Change in assumption** | **Increase in assumption £'000** | **Decrease in assumption £'000** |
|---|---|---|---|
| Discount rate | 0.50% movement | **(1,469)** | **1,617** |
| Price inflation | 0.50% movement | **1,046** | **(1,122)** |
| Longevity | 1 year movement | **1,065** | **(1,120)** |

**2021**

| **Assumption** | **Change in assumption** | **Increase in assumption £'000** | **Decrease in assumption £'000** |
|---|---|---|---|
| Discount rate | 0.25% movement | (4,066) | 4,290 |
| Price inflation | 0.25% movement | 3,171 | (3,098) |
| Longevity | 1 year movement | 5,336 | (5,341) |

Expected contributions to post-employment defined benefit plans for 2023 are nil. The weighted average duration of the defined benefit obligation is 15 years.

### 16. Share capital

| | **2022 £** | 2021 £ |
|---|---|---|
| **Allotted, called up and fully paid ordinary shares of £1 each** | | |
| At start of financial year | **100,000** | 100,000 |
| At end of financial year | **100,000** | 100,000 |

## Notes to the financial statements (continued)

### 17. Group membership

The UK parent company is Glanbia (UK) Limited, a company registered in England and Wales. The financial statements of the Company and its UK parent company are incorporated in the consolidated financial statements of the ultimate holding and controlling company, Glanbia plc, a company incorporated in Ireland. The consolidated financial statements of Glanbia plc can be obtained from Glanbia House, Kilkenny, Ireland or are currently available for download from the Group's website at www.glanbia.com.

### 18. Related party transactions

The following transactions were carried out with related parties:

**(a) Sale of Services**

| | 2022 £ | 2021 £ |
|---|---|---|
| Joint ventures | 173,366 | 52,842 |

**(b) Purchase of services**

| | 2022 £ | 2021 £ |
|---|---|---|
| Joint ventures | - | 1,937 |

The amounts disclosed are transactions with joint ventures of Glanbia plc.

Sales and purchases from related parties were carried out under normal commercial terms and conditions.

Receivable from related parties as at the balance sheet date are included as a separate line item in note 11. The outstanding balance included in receivables at the balance sheet date in respect of transactions with related parties are unsecured, interest free and settlement arises in cash.

The Directors of the Company including their connected persons did not enter into any transactions with the Company in the current or preceding year and had no receivable or payable balances outstanding at 31 December 2022 and 1 January 2022.

The Company has availed of the exemptions available in FRS 101 "Reduced Disclosure Framework" from disclosing transactions entered into between two or more members of a group and key management personnel.

## Notes to the financial statements (continued)

**19. Accounting estimates and judgments**

Estimates and judgements are continually evaluated by the Company and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Retirement benefit obligations**

The Company operates two post-employment defined benefit plan from 4 June 2021 (refer to note 15 to the financial statements for details).

The rates of contributions payable, the pension cost and the Company's total obligation in respect of the APP and WF(UK)GPS defined benefit plans are calculated and determined by independent qualified actuaries and updated at least annually. The APP and WF(UK)GPS have assets totalling £70.2 million (2021: £108.0 million) and plan liabilities of £71.4 million (2021: £111.8 million) giving a net IAS19 pension deficit of £1.2 million (2021: £3.8 million) for the plans. The size of the obligations and cost of the benefits are sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The Company has reviewed the impact of a change in the discount rates used and concluded that based on the pension deficit at 31 December 2022, an increase in the discount rates applied of 0.50% (2021: 0.25%) across the APP and WF(UK)GPS, would have the impact of decreasing the pension deficit for the Company by £1.5 million (2021: £4.1 million).

Additional information in relation to post-employment benefits is disclosed in note 15.

**20. Post balance sheet events**

There have been no significant events affecting the Company since the financial year end.