

REGISTERED NUMBER: 01156841 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 August 2023

for

Barry Callebaut Manufacturing (UK)
Limited

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Barry Callebaut Manufacturing (UK)
Limited (Registered number: 01156841)

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for the Year Ended 31 August 2023

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Barry Callebaut Manufacturing (UK)
Limited

Company Information
for the Year Ended 31 August 2023

DIRECTORS:

D Suman
M Kern

REGISTERED OFFICE:

Wildmere Industrial Estate
Banbury
Oxfordshire
OX16 3UU

REGISTERED NUMBER:

01156841 (England and Wales)

AUDITORS:

Curo Professional Services Ltd, Statutory Auditors
Curo House
Greenbox
Westonhall Road
Bromsgrove
Worcestershire
B60 4AL

Barry Callebaut Manufacturing (UK)
Limited (Registered number: 01156841)

Strategic Report
for the Year Ended 31 August 2023

The directors present their strategic report for the year ended 31 August 2023.

Principal activities

The principal activity of the Company in the year under review was to act as a contract manufacturer of chocolate products on behalf of group companies.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

Since the adoption of IFRS 15 in 2019, the entity has re-evaluated its revenue from the manufacturing of products to be that of an agent, with only a margin earned on its operating expenses and resulting in its operating expenses being its main cost of sale.

The gross profit figure for 2023 was £33,576,000 (2022: £38,151,000) which is a decrease of (£4,575,000) (2022: £7,243,000 increase). This is in line with the trend in the activity level of the manufacturing entity.

Administration costs increased by 2.2% (2022: 5.3%) year on year. The increase in administration costs is mainly due to increase in salary cost and logistic cost. In the prior year, the company also incurred restructuring costs totalling £5,200,000 related to a factory closure, which has been funded by group.

The operating profit increased to £3,075,000 (2022: £2,996,000) or by 2.6% (2022: 30.7% increase) year on year.

The profit before taxation has decreased by 63.5% (2022: 81.2%) year on year to £599,000 (2022: £1,642,000). At the year end the Company had net assets of £17,302,000 (2022: £17,328,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the business and controls in place to mitigate these are as follows:

The Company has to manage the pension scheme; to ensure that scheme liabilities are within a range appropriate to the capital base. In respect, investment policies are reviewed regularly to ensure that employee and Company contributions together with scheme benefits remain appropriate.

The Company has to maintain cost leadership to ensure new contracts are secured from group companies. The Company's operating strategy is to continue to manufacture quality products at lowest optimum cost.

ON BEHALF OF THE BOARD:

Dariko Suman

.....
D Suman - Director

Date: Mar 20, 2024
.....

Barry Callebaut Manufacturing (UK)
Limited (Registered number: 01156841)

Report of the Directors
for the Year Ended 31 August 2023

The directors present their report with the financial statements of the company for the year ended 31 August 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was to act as a contract manufacturer of chocolate products on behalf of group companies.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2023 (2022: £nil).

FUTURE DEVELOPMENTS

Barry Callebaut Manufacturing (UK) Limited will continue as a contract manufacturer.

DIRECTORS

D Suman has held office during the whole of the period from 1 September 2022 to the date of this report.

Other changes in directors holding office are as follows:

M Kern was appointed as a director after 31 August 2023 but prior to the date of this report.

R Van Sligter and X De Buysscher ceased to be directors after 31 August 2023 but prior to the date of this report.

GOING CONCERN

The financial statements have been prepared on the going concern basis on the grounds that the directors believe that there is sufficient funding in place to support the business for the next twelve months from the date of approval of the financial statements.

The Company is highly reliant on group companies as it acts as a contract manufacturer of finished and semi finished chocolate products, on behalf of group companies. As a consequence, the directors have obtained confirmation of group support and continued funding as part of the contract manufacture arrangement.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the support will continue, although at the date of approval of these financial statements they have no reason to believe it will not do so.

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

In addition, the intercompany loan with principal value of £50,850,000 was converted into a long term loan with maturity date on 29 July 2030.

DISABLED EMPLOYEES

Barry Callebaut Manufacturing (UK) promote and support the One BC Strategy with Barry Callebaut. Any suitable adjustments will be made where appropriate to ensure we offer a safe and inclusive working environment.

ENGAGEMENT WITH EMPLOYEES

Barry Callebaut Manufacturing (UK) work in partnership with the recognised Trade Unions, in addition, hold regular communication and engagement forums to ensure all employees are able to share their views, opinions and drive the One BC culture.

Barry Callebaut Manufacturing (UK)
Limited (Registered number: 01156841)

Report of the Directors
for the Year Ended 31 August 2023

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Customers

Our ambition is to deliver a best in class service to our customers. Service levels are monitored by regular surveys and audits and the Company maintains a close working relationship with its end customers.

Suppliers

The Board recognises the importance of building strong relationships with suppliers and has regular strategic and operational meetings to ensure full alignment in objectives.

Environment

Sustainability is at the heart of Barry Callebaut. The launch of Forever Chocolate in 2016, our plan to make sustainable chocolate the norm by 2025, was the next step in our journey to drive a sustainable cocoa and chocolate supply chain. Forever Chocolate is our commitment to have more than 500,000 cocoa farmers in our supply chain lifted out of poverty, eradicate child labour from our supply chain, become carbon and forest positive and have 100% sustainable ingredients in all of our products. On an annual basis we report on the progress. Emission data as presented below are collected at entity level. The emissions factor source is the 2020 UK Government's Conversion Factors for Company Reporting. The intensity ratio is based on the production activity per tonne.

Government and regulators

The Board is committed to maintaining the highest standards of ethics and compliance and has a dedicated Compliance Officer to support training and compliance requirements.

STREAMLINED ENERGY AND CARBON REPORTING

The SECR report disclosure presents the Company's carbon footprint within the United Kingdom across scope 1, 2 and 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and energy efficiency actions summary taken during the relevant financial year.

Emissions data

	Quantity	Measure		tCo2e
Scope 1				
N/A				
Scope 2				
UK electricity	0	KWH	0.00000	0
Biogas	1,326,076	KWH	0.00022	0
Scope 3				
Water supply	34.952	Cubic metres	0.17700	6
Total emissions				6
Intensity ratio per tonne				0.00004

Energy efficiency

By 2025, Barry Callebaut Group will be carbon and forest positive. Droughts mean farmers can no longer rely on crucial rainfall, while deforestation leads to soil degradation. To ensure the stability of ecosystems, the chocolate industry must commit to reducing its carbon footprint and achieve a deforestation free supply chain.

Barry Callebaut Manufacturing (UK)
Limited (Registered number: 01156841)

Report of the Directors
for the Year Ended 31 August 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each 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 auditors are aware of that information.

AUDITORS

The auditors, Curo Professional Services Ltd, Statutory Auditors, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Darko Suman

.....
D Suman - Director

Date: Mar 20, 2024
.....

Report of the Independent Auditors to the Members of
Barry Callebaut Manufacturing (UK)
Limited

Opinion

We have audited the financial statements of Barry Callebaut Manufacturing (UK) Limited (the 'company') for the year ended 31 August 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

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

Report of the Independent Auditors to the Members of
Barry Callebaut Manufacturing (UK)
Limited

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and responding to risks of material misstatement due to fraud

The level of risk and ability to detect irregularities due to fraud was considered during the planning stage of the audit. A risk assessment was undertaken, taking into consideration the Company's policies, procedures and enquiries with management.

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

As required by auditing standards and considering our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls and the risk of fraudulent transactions, in particular the risk that management may be in a position to make inappropriate accounting entries.

We performed procedures including:

- Evaluating the business purpose of journal entries and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant bank payments and receipts and comparing these to supporting documentation.
- Walkthrough and further substantive testing on sales and expenses to identify weaknesses and override of internal controls.
- Using analytical procedures to identify any unusual or unexpected variances.

Report of the Independent Auditors to the Members of
Barry Callebaut Manufacturing (UK)
Limited

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

The level of risk and ability to detect irregularities due to non-compliance with laws and regulations was considered during the planning stage of the audit. A risk assessment was undertaken, taking into consideration the company's policies, procedures and compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The company is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, there is a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Stuart Wood, FCA (Senior Statutory Auditor)
for and on behalf of Curo Professional Services Ltd, Statutory Auditors
Curo House
Greenbox
Westonhall Road
Bromsgrove
Worcestershire
B60 4AL

Date: 20/3/24

Barry Callebaut Manufacturing (UK)
Limited (Registered number: 01156841)

Statement of Comprehensive Income
for the Year Ended 31 August 2023

	Notes	2023 £'000	2022 £'000
TURNOVER	4	33,576	38,151
Administrative expenses		30,792	30,135
		2,784	8,016
Other operating income		185	180
OPERATING PROFIT		2,969	8,196
Restructuring costs	6	106	(5,200)
		3,075	2,996
Interest receivable and similar income	7	702	648
		3,777	3,644
Interest payable and similar expenses	8	3,178	2,002
PROFIT BEFORE TAXATION	9	599	1,642
Tax on profit	11	509	1,265
PROFIT FOR THE FINANCIAL YEAR		90	377
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on pension scheme		(154)	3,960
Income tax relating to item that will not be reclassified to profit or loss		38	(990)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(116)	2,970
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(26)	3,347

The notes form part of these financial statements

Barry Callebaut Manufacturing (UK)
Limited (Registered number: 01156841)

Balance Sheet
31 August 2023

	Notes	2023 £'000	2022 £'000
FIXED ASSETS			
Owned			
Intangible assets	12	455	437
Tangible assets	13	49,045	52,922
Right-of-use			
Tangible assets	13, 18	398	379
		<u>49,898</u>	<u>53,738</u>
CURRENT ASSETS			
Debtors	14	51,541	72,432
Cash at bank		-	524
		<u>51,541</u>	<u>72,956</u>
CREDITORS			
Amounts falling due within one year	15	48,390	69,828
NET CURRENT ASSETS		<u>3,151</u>	<u>3,128</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>53,049</u>	<u>56,866</u>
CREDITORS			
Amounts falling due after more than one year	16	(51,070)	(51,052)
PROVISIONS FOR LIABILITIES	19	(7,291)	(7,572)
PENSION ASSET	22	<u>22,614</u>	<u>19,086</u>
NET ASSETS		<u><u>17,302</u></u>	<u><u>17,328</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	15,468	15,468
Retained earnings	21	<u>1,834</u>	<u>1,860</u>
SHAREHOLDERS' FUNDS		<u><u>17,302</u></u>	<u><u>17,328</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on
 20.03.2024 and were signed on its behalf by:

Darbo Suman

.....
 D Suman - Director

Michael Kern

.....
 M Kern - Director

The notes form part of these financial statements

Barry Callebaut Manufacturing (UK)
Limited (Registered number: 01156841)

Statement of Changes in Equity
for the Year Ended 31 August 2023

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 September 2021	15,468	(1,487)	13,981
Changes in equity			
Total comprehensive income	-	3,347	3,347
Balance at 31 August 2022	<u>15,468</u>	<u>1,860</u>	<u>17,328</u>
Changes in equity			
Total comprehensive income	-	(26)	(26)
Balance at 31 August 2023	<u><u>15,468</u></u>	<u><u>1,834</u></u>	<u><u>17,302</u></u>

The notes form part of these financial statements

1. STATUTORY INFORMATION

Barry Callebaut Manufacturing (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

All amounts in these financial statements have been rounded to the nearest £1,000.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 74(b) of IAS 16;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

2. **ACCOUNTING POLICIES - continued**

Going concern

The financial statements have been prepared on the going concern basis on the grounds that the directors believe that there is sufficient funding in place to support the business for the next twelve months from the date of approval of the financial statements.

The Company is highly reliant on group companies as it acts as a contract manufacturer of finished and semi finished chocolate products, on behalf of group companies. As a consequence, the directors have obtained confirmation of group support and continued funding as part of the contract manufacture arrangement.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the support will continue, although at the date of approval of these financial statements they have no reason to believe it will not do so.

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

In addition, the intercompany loan with principal value of £50,850,000 was converted into a long term loan with maturity date on 29 July 2030.

Turnover

The entity does not control the specified goods or services before it is transferred to the customer as the entity is not operating as a principal but as a contract manufacturer for the principal. The nature of the entity's promise is to arrange for the principal to manufacture and provide the chocolate products to the customer.

The entity is acting as an agent and recognises the revenue on a net basis. Markup is recognised when Company incurs relevant operating costs on behalf of their principal and Company's obligations are fulfilled.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Computer software - 5 years

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is de-recognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Buildings	- 33 1/3 years
Plant and machinery	- 5 - 20 years
Motor vehicles	- 5 years
Fixtures and fittings	- 3 - 10 years
Right of use lease asset	- 2 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Assets in the course of construction are not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as financial assets at amortised cost.

Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. For trade receivables a provision for impairment is made through profit and loss based on an assessment of the expected credit loss (ECL) and specific circumstances impacting certain customers.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

2. **ACCOUNTING POLICIES - continued**

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- o The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- o Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Rentals paid under short term or low value operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2. ACCOUNTING POLICIES - continued

Pensions

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 fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Balance Sheet date less the fair value of plan assets at the Balance Sheet date (if any) out of which the obligations are to be settled.

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

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the Statement of Comprehensive Income as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

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

2. **ACCOUNTING POLICIES - continued**

Debtors

Short term debtors are measured at transaction price, less any impairment. Provision for impairment is made through profit and loss based on an assessment of the expected credit loss (ECL) and specific circumstances impacting certain customers. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The Company recognises the gross debtors and creditors in respect of those transactions where the Company acts and an agent. Accordingly, stock purchases made on behalf of the parent company result in the recognition of a receivable from the parent company which controls that stock, rather than recognition of the stock balance itself.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Pension assumptions

The company accounts for pension costs relating to retirement plans in accordance with IAS 19 "Employee Benefits". In applying IAS 19, the pension costs are assessed in accordance with the advice of independent qualified actuaries. This requires the exercise of significant judgements in relation to the estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. Further detail is provided in note 22.

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2023**

4. TURNOVER

Turnover comprises the value of sales commissions (excluding VAT and trade discounts) invoiced to group companies. Turnover is attributable to one continuing activity, being the commission received for the sale of a range of chocolate products for the biscuit, cake and confectionery market in the UK on behalf of group companies.

5. EMPLOYEES AND DIRECTORS

	2023 £'000	2022 £'000
Wages and salaries	13,120	12,848
Social security costs	1,328	1,255
Other pension costs	1,242	1,066
	<u>15,690</u>	<u>15,169</u>

The average number of employees during the year was as follows:

	2023	2022
Production	202	223
Distribution	16	22
Administration	19	13
	<u>237</u>	<u>258</u>

In 2023 the directors were remunerated through other Barry Callebaut group companies.

6. EXCEPTIONAL ITEMS

	2023 £'000	2022 £'000
Restructuring costs	<u>106</u>	<u>(5,200)</u>

Exceptional items relate to a factory closure and its associated costs detailed below:

	2023 £'000	2022 £'000
Fixed asset impairment	-	1,201
Employee related costs	-	3,045
Site decommissioning	-	812
Other costs	(106)	142
	<u>(106)</u>	<u>5,200</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £'000	2022 £'000
Interest receivable	3	439
Interest receivable from defined benefit pensions	699	209
	<u>702</u>	<u>648</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£'000	£'000
Interest payable to group companies	3,170	1,995
Leasing	8	7
	<u>3,178</u>	<u>2,002</u>

9. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging/(crediting):

	2023	2022
	£'000	£'000
Leases	22	281
Depreciation - owned assets	4,587	4,129
Depreciation - assets on finance leases	215	239
Loss on disposal of fixed assets	42	123
Computer software amortisation	65	74
Foreign exchange differences	(23)	11
	<u>5,008</u>	<u>5,057</u>

10. AUDITORS' REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2023	2022
	£'000	£'000
Fees for the audit of the company	48	40
Fees for the preparation of the financial statements	4	4
	<u>52</u>	<u>44</u>

11. TAXATION

Analysis of tax expense

	2023	2022
	£'000	£'000
Deferred tax:		
Deferred tax	670	1,265
Prior year deferred tax adjustment	(161)	-
Total deferred tax	<u>509</u>	<u>1,265</u>
Total tax expense in statement of comprehensive income	<u>509</u>	<u>1,265</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

11. **TAXATION - continued**

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £'000	2022 £'000
Profit before income tax	599	1,642
Profit multiplied by the standard rate of corporation tax in the UK of 21.516% (2022 - 19%)	129	312
Effects of:		
Expenses not deductible for tax purposes	212	513
Adjustments to tax in respect of prior years	(161)	(7)
Future changes in tax rates expected	93	305
Group relief	236	142
Tax expense	509	1,265

Tax effects relating to effects of other comprehensive income

	2023		
	Gross £'000	Tax £'000	Net £'000
Actuarial (loss)/gain on pension scheme	(154)	38	(116)
	2022		
	Gross £'000	Tax £'000	Net £'000
Actuarial gains on pension scheme	3,960	(990)	2,970

Factors that may affect future current and total tax charges

An increase in the UK corporation tax rate from 19% to 25% took effect from 1 April 2023.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

12. INTANGIBLE FIXED ASSETS

	Computer software £'000
COST	
At 1 September 2022	528
Additions	83
Disposals	(17)
	<hr/>
At 31 August 2023	594
	<hr/>
AMORTISATION	
At 1 September 2022	91
Amortisation for year	65
Eliminated on disposal	(17)
	<hr/>
At 31 August 2023	139
	<hr/>
NET BOOK VALUE	
At 31 August 2023	455
	<hr/>
At 31 August 2022	437
	<hr/>

13. TANGIBLE FIXED ASSETS

	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000
COST			
At 1 September 2022	19,905	103,969	4,834
Additions	-	2,924	152
Disposals	-	(3,998)	-
Reclassification/transfer	-	107	265
	<hr/>	<hr/>	<hr/>
At 31 August 2023	19,905	103,002	5,251
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 September 2022	10,252	62,513	4,745
Charge for year	470	4,077	111
Eliminated on disposal	-	(2,693)	-
	<hr/>	<hr/>	<hr/>
At 31 August 2023	10,722	63,897	4,856
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 August 2023	9,183	39,105	395
	<hr/>	<hr/>	<hr/>
At 31 August 2022	9,653	41,456	89
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

13. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £'000	Assets under construction £'000	Totals £'000
COST			
At 1 September 2022	654	1,954	131,316
Additions	164	295	3,535
Disposals	(194)	(1,358)	(5,550)
Reclassification/transfer	-	(372)	-
At 31 August 2023	624	519	129,301
DEPRECIATION			
At 1 September 2022	412	93	78,015
Charge for year	144	-	4,802
Eliminated on disposal	(173)	(93)	(2,959)
At 31 August 2023	383	-	79,858
NET BOOK VALUE			
At 31 August 2023	241	519	49,443
At 31 August 2022	242	1,861	53,301

The net book value of owned and leased assets included as tangible fixed assets in the balance sheet is as follows:

	2023 £'000	2022 £'000
Tangible assets owned	49,045	52,922
Right of use assets	398	379
	49,443	53,301

The net book value of right of use assets is summarised below:

	2023 £'000	2022 £'000
Plant and machinery	54	115
Motor vehicles	241	242
Fixtures and fittings	103	22

The value of land included within freehold property and not depreciated at the balance sheet date was £5,028,648 (2022: £5,028,648).

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Trade debtors	-	35
Amounts owed by group undertakings	47,923	68,608
Other debtors	2,647	2,917
VAT	705	659
Prepayments and accrued income	266	213
	<u>51,541</u>	<u>72,432</u>

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

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Group loans (see note 17)	17,274	34,795
Leases (see note 17)	184	183
Trade creditors	4,658	7,889
Amounts owed to group undertakings	23,646	24,241
Social security and other taxes	266	173
Accruals and deferred income	2,362	2,547
	<u>48,390</u>	<u>69,828</u>

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

Group loans are unsecured, repayable within one year and have an interest charge of 5.99%.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£'000	£'000
Group loans (see note 17)	50,850	50,850
Leases (see note 17)	220	202
	<u>51,070</u>	<u>51,052</u>

Group loans are unsecured, repayable within in July 2030 and have an interest charge of 3.34%.

17. FINANCIAL LIABILITIES - BORROWINGS

	2023	2022
	£'000	£'000
Current:		
Group loans	17,274	34,795
Leases (see note 18)	184	183
	<u>17,458</u>	<u>34,978</u>

Barry Callebaut Manufacturing (UK)
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Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

17. **FINANCIAL LIABILITIES - BORROWINGS - continued**

	2023 £'000	2022 £'000
Non-current:		
Other loans - 1-2 years	50,850	50,850
Leases (see note 18)	220	202
	<u>51,070</u>	<u>51,052</u>

Terms and debt repayment schedule

	1 year or less £'000	1-2 years £'000	More than 5 years £'000	Totals £'000
Group loans	17,274	-	50,850	68,124
Leases	184	220	-	404
	<u>17,458</u>	<u>220</u>	<u>50,850</u>	<u>68,528</u>

18. **LEASING**

Right-of-use assets

Tangible fixed assets

	2023 £'000	2022 £'000
COST		
At 1 September 2022	899	810
Additions	255	112
Disposals	(188)	(23)
	<u>966</u>	<u>899</u>
DEPRECIATION		
At 1 September 2022	520	304
Charge for year	215	239
Eliminated on disposal	(167)	(23)
	<u>568</u>	<u>520</u>
NET BOOK VALUE	<u>398</u>	<u>379</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

18. LEASING - continued

The Company has lease contracts for plant and machinery, motor vehicles and equipment. The cost, depreciation charge and net book value of the right-of-use assets relating to these leases are disclosed above.

The lease liability has been included in Creditors: amounts falling due within one year and Creditors: amounts falling due after more than one year and is disclosed in note 16 and note 17.

The interest expense relating to leases was £8,000 (2022: £7,000). Any lease expenses for low value assets and short-term leases are not considered to be material.

The future minimum lease payments as at 31 August is £184,000 (2022: £183,000) due within one year and £220,000 (2022: £202,000) due after one year.

Minimum lease payments fall due as follows:

	2023	2022
	£'000	£'000
Gross obligations repayable:		
Within one year	184	183
Between one and five years	220	202
	<u>404</u>	<u>385</u>

Other leases

	2023	2022
	£'000	£'000
Short-term leases	<u>22</u>	<u>281</u>

Lease liabilities

Practical expedients applied

In applying IFRS 16, the Company has used practical expedients permitted by the standard, specifically treating low value or short term leases of less than 1yr as operating leases. Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

19. PROVISIONS FOR LIABILITIES

	2023	2022
	£'000	£'000
Deferred tax	7,291	6,821
Factory closure provision	-	751
	<u>7,291</u>	<u>7,572</u>
	Deferred tax	Other provisions
	£'000	£'000
Balance at 1 September 2022	6,821	751
Provided during year	470	-
Utilised during year	-	(645)
Unused amounts reversed during year	-	(106)
	<u>7,291</u>	<u>-</u>
Balance at 31 August 2023	<u>7,291</u>	<u>-</u>

Barry Callebaut Manufacturing (UK)
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Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

19. **PROVISIONS FOR LIABILITIES - continued**

The provision for deferred tax is made up as follows:

	2023	2022
	£'000	£'000
Fixed assets	2,762	2,206
Temporary differences trading	5,654	4,772
Losses	(1,082)	(157)
Accrued pension	(43)	-
	<u>7,291</u>	<u>6,821</u>

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023	2022
			£'000	£'000
15,467,852	Ordinary	£1	<u>15,468</u>	<u>15,468</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

21. **RESERVES**

	Retained earnings £'000
At 1 September 2022	1,860
Profit for the year	90
Actuarial gains on defined benefit pension scheme	<u>(116)</u>
At 31 August 2023	<u>1,834</u>

22. EMPLOYEE BENEFIT OBLIGATIONS

The Company participates in a group defined benefits scheme "Barry Callebaut (UK) Limited Pension Plan". Triennial valuations are prepared by an independent actuary and the latest completed valuation was carried out as at 1 September 2022.

The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by IAS 19 "Employee benefits", the Company will account for the whole scheme as a defined benefit pension scheme, with all other participants accounting for the scheme as if it were a defined contribution scheme. At 31 August 2023, on the calculation basis required by IAS 19, the Barry Callebaut scheme had assets totalling £62,143,000 (2022: £67,987,000) and a net surplus of £22,614,000 (2022: £19,086,000). Further details of these valuations are set out below:

IAS 19 disclosures

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation as at 1 September 2022 and updated by Cartwright Group Limited to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 August 2023. Scheme assets are stated at their market value at the respective Balance Sheet dates.

Pension plans

The information disclosed below is in respect of the Barry Callebaut (UK) Limited Pension Plan.

Characteristics

The Company currently operates a Defined Benefit Scheme, the Barry Callebaut (UK) Limited Pension Plan. The benefits provided by the Scheme are final salary defined benefits with the contributions paid by the Company on a balance of cost basis. The Scheme is run by the Trustees of the Scheme who ensure that the Scheme is run in accordance with the Trust Deed & Rules of the Scheme and complies with legislation. The Trustees are required by law to fund the Scheme on prudent funding assumptions under the Trust Deed & Rules of the Scheme. The contributions payable by the Company to fund the Scheme are set by the Trustees after consulting the Company.

The assets of the Scheme are invested in managed funds with Mobius Life Limited. The managed funds are diversified by fund and by investment strategy.

The Scheme closed for all accrual on 31 January 2014.

Funding Arrangements

The Trustees use the Defined Accrued Benefit Method. This method is suitable for funding a scheme that is closed for future accrual. In addition, under a Framework Agreement agreed between the Trustees and Employer, the Employer has paid an additional £2,983,000 during 2023 (2022: £2,983,000).

The annual contributions are payable in equal monthly amounts during the respective Scheme year, which runs from 1 September to 31 August.

In addition, the Company pays all of the costs of administering the Scheme and any levies required by the Pensions Protection Fund and the Pensions Regulator.

These contributions are subject to change at future valuations.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

Funding Risks

The following list is not exhaustive but covers the main risks for the Scheme. Some of the risks can be reduced by adjusting the funding strategy with the help of the Trustees, for example investment matching risk. Other risks cannot easily be removed, for example longevity risk, and the Company must be aware of these risks and ask the Trustees to monitor them closely.

Investment Return Risk: If the assets under perform the returns assumed in setting the funding target then additional contributions may be required at subsequent valuations.

Longevity Risk: If future improvements in mortality exceed the assumptions made then additional contributions may be required.

Legislative Risk: The Government may introduce over riding legislation which leads to an increase in the value of Scheme benefits.

Solvency Risk: As the funding target is not a solvency target, and the investment strategy does not follow that required for a solvency target, the assets of the Scheme may not be sufficient to provide all members with the full value of their benefits on a Scheme wind up.

IAS19 Surplus assets

Under IAS19 the Plan had a surplus at both 31 August 2022 and 31 August 2023.

The company, as the sponsoring employer of the pension scheme, has an unconditional right to refund of this surplus under the current scheme rules, and therefore the surplus has been recognised in these financial statements.

Sensitivity analysis

The impact on the defined benefit obligation of changes in the significant assumptions is shown approximately below:

Assumptions varied	Defined benefit obligation £m
As at 31 August 2023	39.5
Discount Rate 1% p.a. higher	35.0
Discount Rate 1% p.a. lower	45.0
Pension increase rate (in payment and in deferment) 1% p.a. higher	43.4
Life expectancy one year higher	40.8

The figures assume that each assumption is changed independently of the others. Therefore, the disclosures are only a guide because the effect of changing more than one assumption is not cumulative.

Reconciliation of present value of plan liabilities:

	2023 £'000	2022 £'000
At the beginning of the year	48,901	63,945
Interest cost	1,683	1,073
Actuarial losses/(gains)	(9,298)	(14,278)
Benefits paid	(1,757)	(1,839)
At the end of the year	<u>39,529</u>	<u>48,901</u>

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Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

Reconciliation of present value of plan assets:

	2023	2022
	£'000	£'000
At the beginning of the year	67,987	75,879
Interest income	2,402	1,301
Contributions by employer	2,983	2,983
Benefits paid	(1,757)	(1,839)
Return on plan assets	(9,452)	(10,318)
Administration expenses paid by the fund	(20)	(19)
At the end of the year	62,143	67,987

Composition of plan assets:

	2023	2022
	£'000	£'000
Equities	51	15,401
Corporate bonds	61,215	49,098
Other	877	3,488
Total plan assets	62,143	67,987

Net pension scheme liability

	2023	2022
	£'000	£'000
Fair value of plan assets	62,143	67,987
Present value of plan liabilities	(39,529)	(48,901)
Net pension scheme surplus/(liability)	22,614	19,086

The amounts recognised in profit or loss are as follows:

	2023	2022
	£'000	£'000
Interest cost	1,683	1,073
Interest income	(2,402)	(1,301)
Administrative expenses paid by the fund	20	19
Total	(699)	(209)

The amounts recognised in other comprehensive income are as follows:

	2023	2022
	£'000	£'000
Actual less expected return on assets	(9,452)	(10,318)
Experience gains arising on scheme liabilities	(983)	(1,359)
Actuarial gains/(losses)	10,281	15,637
Total	(154)	3,960

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Notes to the Financial Statements - continued
for the Year Ended 31 August 2023

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2023	2022
	%	%
Discount rate	5.1	3.5
Expected return	5.1	3.5
Other material assumptions (e.g. future pension increases, inflation)	3.2	3.2
Life Expectancies:		
- for a male employee aged 65 now	22 years	22 years
- for a female employee aged 65 now	24 years	25 years

Defined contribution scheme

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,242,000 (2022: £1,066,000).

23. ULTIMATE PARENT COMPANY

The largest group of which Barry Callebaut Manufacturing (UK) Limited is a member and for which group financial statements are drawn up is headed by Barry Callebaut AG, a company incorporated in Switzerland. In the directors' opinion, this is the Company's ultimate parent undertaking and controlling party.

No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from West Park, Pfingstweidstrasse 60, 8005, Zurich.

The immediate parent company is Barry Callebaut Holding (UK) Limited, a company registered in England and Wales, whose principal place of business is at Wildmere Road Industrial Estate, Banbury, Oxfordshire OX16 3UU.

24. CAPITAL COMMITMENTS

	2023	2022
	£'000	£'000
Contracted but not provided for in the financial statements	2,403	3,901