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UMV GLOBAL FOODS HOLDING COMPANY LTD

Annual Report

For the year ended 31 December 2022

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Strategic report

UMV Global Foods Holding Company Ltd together with its subsidiaries ('the Group') is a leading international branded snacks and confectionary business, which manufactures and markets some of the world's best known and loved sweet and savoury brands. The Group is part of pladis, one of the world's leading snacking companies and the proud steward of more than 300 years' baking and confectionery heritage. The Group's brands have been satisfying consumers for generations and include: McVitie's Digestives, Verkade, Carr's, BN, McVitie's Jaffa Cakes, McVitie's Penguin, Jacob's Mini Cheddars, go ahead!, Jacob's Twiglets, Sultana, Flipz and Turtles.

The Group is the leading manufacturer and marketer of biscuits and savoury snacks in the UK and also manufactures and markets biscuits, savoury snacks and chocolate under popular local brands in France, USA, the Netherlands, Nigeria and India. The Group's brands are sold in more than 100 countries around the world, with strong consumer bases across Europe, North America, Africa, Middle East, India, Asia and Australia.

The ultimate parent of the Group is Yildiz Holding A.S. (Yildiz Holding). Yildiz Holding is one of Turkey's largest and longest established conglomerate groups with operations in 3 key sectors (Confectionery, Food and Retail) and is currently the largest brand food group in CEEMEA, with more than 300 brands in 49 categories. It is the ultimate owner of the iconic brands Ulker, McVitie's and Godiva.

During 2016 Yildiz Holding brought together its core biscuit and confectionery businesses (in Food, Drug and Mass retail channel) under the umbrella of 'pladis'.

Strategic report (continued)

Market and Industry Overview

In recent years, consumer demand for food products has been strongly influenced by trends towards snacking and out-of-home eating rather than a more traditional three-meals-a-day eating pattern. Consumers now demand convenience foods, including biscuits and snacks products that offer more variety, are healthier alternatives and provide greater portability and convenience. These trends are expected to continue.

In developed markets, the Group's retail customers are generally seeking branded products that consumers know and trust and that will deliver them high turnover. The Group is meeting this need with a wide range of classic products, new product development and promotions to keep store displays fresh and make the biscuits category appealing. In developing markets, reliable product quality and the ability to meet key local price points are important considerations.

During 2022, due to global supply constraints and exacerbated by the war in Ukraine, the Group faced unprecedented inflation across its cost base with prices of many of its key inputs being affected by global markets, including wheat, palm oil, cocoa, sugar, gas, electricity and packaging.

During 2021, the Covid-19 pandemic continued to have a very significant impact on consumers, businesses and society. Across 2020 and 2021 in all countries the Group operates in, food manufacturers and retailers had to adapt quickly to the reality of Covid-19 and redesign supply chains accordingly.

Overarching current consumer trends include convenience, healthier snacking, value and products that are produced by responsible corporations in a sustainable manner. The Group continues to pursue an active programme of new and existing product development, as well as promotional investments that respond to these trends and investment in its manufacturing sites to increase productivity and flexibility. The Group invests in its brands through innovation, improved quality and media engagement with consumers.

Geographically, the Group is well positioned to grow in large, established markets, which it believes will continue to grow in the medium to long term, as well as growing its market positions in higher-growth emerging markets.

Our Strategic Framework

The Group's strategic objectives are aligned with those of pladis, of which the Group is part. The Compete to Win strategic framework was implemented in 2020 and comprises four strategic pillars to unlock the potential of our business through our people and our brands:

1. *Innovate today to Fuel tomorrow – a focus on the Consumer*

Leveraging its wide portfolio of brands and consumer insights, pladis seeks to deliver products to meet key consumption moments with industry-leading, cross-category innovations.

The Group continues to make brand investment, including in respect of new product development, brand and packaging innovation, while building brand and product platforms that are aligned and provide scale.

2. *Own the Streets – a focus on the Customer*

pladis is focussed on making its brands the first choice for consumers. It is committed to exceptional sales and distribution service levels and being the supplier of choice to the trade with the right product range at the right price.

The Group has long-standing relationships with key customers and its priority is to deliver impeccable in-store execution by building on shopper insights.

3. *Make Every Penny Count – a focus on Cost and Cash*

pladis is committed to growing gross and operating margins by streamlining supply chain costs to generate cash to invest in its business, brands and people.

The Group is committed to maintaining its focus on efficiency improvements, waste reduction, cost reduction and capital efficiency to enable investment in its brands and people.

4. *Win as One pladis – a focus on Culture*

pladis is a unique, differentiated and vibrant organisation with a culture that energises and motivates its people.

The Group is focussed on building the capabilities of its people to ensure it can Compete to Win.

Strategic report (continued)

Performance Summary

Business overview

During 2022, guided by the Compete to Win strategy and in response to unprecedented inflation, our teams stepped-up the pace of innovations, executed well in the market, took actions to reduce our supply chain cost base for the future, and developed our talent base.

In 2021, the Group incurred significant expenditure to maintain business continuity in the face of the ongoing COVID pandemic, and to provide COVID secure work environments for its employees.

The Group believes future growth will be driven by adapting to key consumer trends and by engaging new consumers for its products in existing and new markets.

During the year, the Group continued to invest in its brands, asset base and modernisation of its manufacturing facilities.

The Group measures its progress against both financial and corporate responsibility measures and progress in these areas is detailed in the following sections.

The Group's key financial performance indicators are summarised in the table below:

	2022	2021
	£m	£m
Revenue	1,155.4	1,134.3
EBITDA ¹	97.6	118.3
Adjusted EBITDA ²	138.0	149.0
Net Debt ³	448.4	427.7
Capital Expenditure ⁴	39.2	34.4

¹ EBITDA is calculated as operating profit of £47.8m (2021: £66.6m) plus depreciation of £49.8m (2021: £51.7m).

² Adjusted EBITDA as calculated in the consolidated income statement on page 24.

³ Net debt as calculated as gross borrowings of £640.1m (2021: £630.9m) less cash of £191.7m (2021: £203.2m).

⁴ As per consolidated cashflow statement on page 29.

Revenue

The Group's revenue is predominantly derived from branded sales of sweet and savoury biscuits, baked snacks and chocolate, with branded sales accounting for approximately 87% of total revenue.

The Group's revenue for 2022 was £1,155.4 million (2021: £1,134.3 million) which represents an increase of 2.0% compared to the prior year.

The Group's operations comprise of three regions: UK, Northern Europe and International.

The Group is a long-standing market leader in the UK, where it manufactures and markets a wide portfolio of sweet biscuits, savoury biscuits, savoury baked snacks and packaged cake. The Group's leading brands in the UK include: McVitie's, Jacob's, Carr's, McVitie's Jaffa Cakes, Penguin and go ahead!. McVitie's includes many of our most popular brands and receives priority marketing and innovation support along with a focus on growing our Jacob's Savoury brand.

The Group's branded biscuit sales in 2022 accounted for approximately 21.5% of the overall UK biscuit market.

In recent years, the UK grocery market has been characterised by a changing retail landscape and increased competition between established grocery retailers and the discounter channel.

In Northern Europe (France and the Netherlands), the Group holds strong challenger positions in its markets and segments and manufactures and markets the popular, long-established BN, Sultana and Verkade brands.

During 2022, the Group continued to increase its revenue from international markets particularly in Africa and North America, where it manufactures and markets a range of snacking products under the De Met's Turtles and Flipz brands and sells sweet and savoury biscuits principally under the Carr's brand.

Strategic report (continued)

Adjusted EBITDA and operating profit

Adjusted EBITDA is the primary metric by which management measures business performance and is used by management for the purpose of business decision-making and resource allocation. Adjusted EBITDA represents the operating profit or loss from operations before taxes, financing, restructuring items (such as redundancy costs), pension administration costs, depreciation and amortisation expense, acquisition and disposal related costs and other significant items which the directors assess not to relate to the underlying performance of the business due to their nature or frequency of occurrence. Adjusted EBITDA is an alternative performance measure which is not defined or specified under the requirements of IFRS. Adjusted EBITDA is not a substitute for or superior to IFRS, but management believes it does provide stakeholders with additional helpful information on the performance of the business.

In 2022 adjusted EBITDA was £138.0 million (2021: £149.0 million), this £11.0 million or 7.0% decrease was largely due to unprecedented input cost inflation which could only be partially recovered through pricing actions.

Capital expenditure

Cash investment in plant, equipment and intangibles during 2022 was £39.2 million (2021: £34.4 million), as presented in the consolidated cashflow, and represents 3.4% of revenue (2021: 3.0%). The Group continued to make investments to support efficiency and growth and to maintain infrastructure, health and safety and environment across its manufacturing footprint.

Pension

The Group makes regular contributions designed to eliminate funding deficits in its UK defined benefit plans (under recovery plans agreed as part of the schemes' triennial valuations). In 2022, these contributions amounted to £17.4 million. During 2021, the Group's UK defined benefit plans were closed to future accrual.

Cash available for debt servicing

Cash available for debt servicing for 2022 was £44.3 million (2021: £78.4 million). This represents the adjusted EBITDA less capital expenditure, restructuring costs and non-underlying operating costs, ongoing pension contributions in excess of amounts charged to business profit and tax paid, and after adjusting for changes in working capital. The decrease in cash available for debt service was due to higher spend on restructuring and capital expenditure as we brought forward projects to support cost base reduction and margin improvement for future years, partly offset by lower pension contributions as our largest scheme achieved full funding. The component parts of the cash available for debt servicing are presented in the consolidated cashflow on page 29, and is explained as follows:

	2022 £m	2021 £m
Adjusted EBITDA	138.0	149.0
Capital expenditure	(39.2)	(34.4)
Cash flows relating to non-underlying and restructuring operating expenses	(39.9)	(14.4)
Difference between pension contributions paid and amounts recognised in operating profit	(14.3)	(29.2)
(Increase)/Decrease in working capital	(0.3)	7.4
Cash available for debt servicing	44.3	78.4

Strategic report (continued)

Net debt

In January 2022, the Group refinanced its Senior Bank Facilities:

- a new Senior Facilities Agreement (SFA). The facilities are unsecured and comprise a Term Facility of £300.0 million and a Revolving Facility of £100.0 million. Repayment is due five years from the date of the Agreement.
- a US private placement comprising a £300m Note Purchase Agreement (NPA). The Notes are unsecured with a 12-year duration at a fixed rate of 2.64% and rank pari passu with the Senior Facilities.

Net debt comprises senior bank loans, the note purchase agreement, finance lease obligations and other loans less cash and cash equivalents. At the end of 2022, the net debt outstanding was £448.4 million (2021: £427.7 million).

Other movements on financial position

The Group's net assets increased by £21.5 million compared to 2021.

Corporate Responsibility

The Group has manufacturing operations in six countries and its brands are sold worldwide. The Group operates to high ethical and professional standards regardless of location. Our approach to corporate responsibility is broad and reflects a conviction that these elements should be central to how we run the business.

The Group Purpose is to promise happiness with every bite. Inherent to that promise is building a sustainable business, which impacts every element of our corporate strategy. The Group's priorities for corporate responsibility are as follows:

- looking after employee and consumers' health and well being;
- ensuring our people are safe, secure and happy;
- working with the communities we operate in to give back to them as they give to us; and
- delivering performance that protects the environment.

Ethics & Compliance

The Group believes its success is based upon every employee adhering to the Group's 'Code of Conduct'. The Ethics and Compliance function covers people and product, safety and quality and is a key focus for our business.

To support our people in this, there is a comprehensive Code of Conduct which clearly identifies how we are all expected to behave and what action should be taken when employees are confronted by difficult or sensitive situations.

pladis UK&I operates a whistleblowing policy which encourages colleagues (including agency workers and contractors) to report any circumstances of potentially unethical conduct within our organisation. In 2022, the whistleblowing policy continued to be communicated to all our colleagues during the year.

Since 2018, pladis has been a member of the Earthworm Foundation, a non-profit organization collaborating with us to deliver a roadmap for our palm oil supply chain. Earthworm has monitored pladis' palm oil supply chain's compliance with pladis No Deforestation, no Peat, no Exploitation (NDPE) policy and human rights policy and has continued to support pladis when engaging with tier 1 suppliers to investigate alerts related to potential breaches of those policies.

In 2021, pladis extended the scope of its partnership with Earthworm to include cocoa products. Earthworm has supported pladis in the UK when engaging with tier 1 suppliers of cocoa products to collect information in relation to their sustainability performance, including in the areas of traceability as well as environmental and social stewardship.

Strategic report (continued)

Earthworm published a 2022 pladis progress report, which includes an update on pladis' palm oil and cocoa sustainability journey. This report is available in the 'Disclosures' section on pladis' website.

As part of doing business with pladis UK&I, raw materials and packaging suppliers must become members of the ethical due diligence platform, Sedex, and complete the self-assessment questionnaire, which allows us to identify higher risk suppliers. Since 2020, pladis UK has been using the new Sedex self-audit questionnaire as well as the risk assessment tool (RADAR) and had the tool's users trained to the new metrics available, in order to identify higher risk suppliers. In accordance with the UK Modern Slavery Act, 2015, pladis UK publishes a yearly statement, which outlines the steps it has taken as well as its future plans, towards ensuring the prevention of forced labour and human trafficking within its organisation and supply chain.

In 2022, pladis also strengthened its due diligence review with suppliers identified most at risk, based on investigations or warnings from some authorities, including the U.S. Customs and Border Protection in relation to allegation of human rights abuses in palm oil and cocoa production, or the UK government in relation to concerns for human rights in Xinjiang. This review first consisted of engaging with those suppliers deemed at risk to better understand their practices. It then led to require certificates of origin whenever applicable, and to suspend one supplier which had failed to provide satisfactory evidence.

During 2022, pladis has continued its partnership with Minority Supplier Development UK ("MSDUK"). MSDUK brings together innovative and high growth ethnic minority owned businesses with global corporations committed towards creating an inclusive and diverse supply chain.

People

The Group has a comprehensive framework of employment policies and upholds the rights and opportunities of all people to seek, obtain and hold employment with dignity and without any form of discrimination. It is the Group's policy that employees at all levels shall not in their dealings harass or discriminate against other individuals on grounds of gender, race, nationality, religion, marital status, sexual orientation, disability, age or for any other reason whatsoever. *This policy applies in respect of all conditions of employment.*

As a business, we recognise that there is an ongoing need to increase our gender balance across the business. Currently, 37% of the Group's management workforce is female and there is a broad split of ethnicity across the employee population. The Group will continue to focus on ensuring all members of our diverse workforce are encouraged and supported to develop their career aspirations as well as take actions to improve the gender balance in our organisation. The pladis Group now has a global advisory board in place to consult on inclusion and diversity and help support pladis' journey to create a vibrant, inclusive and diverse workforce.

The Group operates various graduate and apprenticeship schemes and has provided summer work placements and work experience opportunities to school and university students to encourage them to consider a career in the industry. In 2022 14 graduates and 6 apprentices entered the UK business, bringing our total number of apprentices to 74. In 2022, 25 apprentices completed an apprenticeship.

The Group views human rights primarily as an extension of its determination not only to treat employees with respect but also to obtain assurance about ethics in the supply chain. Across all its countries of operation, the Group's goal is not to exploit anyone and the business refuses to work with any individual or organisation that fails to uphold these standards. As part of a global business, we operate according to the pladis Code of Conduct which captures the most important personal responsibilities expected of our employees as they go about their work and provides guidance on how to deal with certain situations. The pladis Code of Conduct requires all suppliers to adhere to this code, and also states that we will not work with suppliers who violate human rights.

In 2020, pladis adopted a global human rights policy which has been communicated to pladis' employees, subcontractors and suppliers. There is also a whistleblowing process in place, managed by Navex.

The Board and Senior Management are responsible for ensuring that the Group's purpose, vision and values are effectively communicated to employees and that the Group's activities reflect the culture we wish to instill in employees and drive appropriate behaviours. Examples of how this is achieved include: formal and informal meetings, a mandatory code of conduct, a bi-annual pulse survey, town hall meetings, dedicated training sessions and our @Workplace social media platform. In 2021 pladis established a Diversity and Inclusion

Strategic report (continued)

Advisory Board, which includes external advisors with recognised expertise in this area, to support pladis' journey to create a vibrant, inclusive, and diverse workforce. The advisors, who bring a wealth of experience and a variety of perspectives, are: Dame Kelly Holmes, Ade Adepitan MBE, Alastair Campbell and Stevie Spring CBE. Diversity and Inclusion has been supported by events and the creation of internal, virtual, communities to focus on raising awareness, sharing stories, and developing the workforce.

We are also proud to have been certified for the first time as a Top Employer in 2022 across both UK and Turkey. This recognises our strong people practices across numerous areas. At a global level, we have been recognised by The Stevie Awards for our practices in Performance Management and Leadership.

Environmental Highlights

Our highlights include:

Sourcing

Palm oil

- Since 2018, pladis has been a member of the Earthworm Foundation, a non-profit organization collaborating with us to deliver a sustainability roadmap for our crude palm oil as well as palm kernels supply chains. In 2022, we have maintained our traceability back to mills at 95.1% and started the collection of information on traceability back to palm plantations. This figure amounted to 47.4% of the total volumes supplied to pladis globally (In the UK, we had 99.8% traceability back to mills and 91.2% traceability back to plantations).
- Based on this information, Earthworm has continued to monitor pladis' palm oil supply chain's compliance with pladis' No Deforestation, no Peat, no Exploitation (NDPE) policy through:
 - intelligence coming from the Earthworm network in the production countries,
 - the review of publicly available grievance systems,
 - satellite monitoring systems for pladis' three main tier 1 suppliers, accounting for 80% of pladis' palm oil volumes,

and has continued to support pladis when engaging with tier 1 suppliers to investigate alerts related to potential breaches of pladis' NDPE policy and well as human rights policy.

Earthworm published a 2022 pladis progress report, which includes a focus on palm oil sustainability. This report is available in the 'Disclosures' section on pladis' website.

Finally, following the mapping of scope 1, 2 and 3 greenhouse gas emissions in pladis UK&I's value chain, and because palm oil production accounts for a substantial percentage of those emissions, pladis UK&I engaged with some of its key suppliers of palm products to understand the measures they have implemented to reduce their carbon footprint,

As part of its commitment to the Round Table on Sustainable Palm Oil (RSPO), pladis UK&I is using 100% palm oil supporting the RSPO sustainability program.

Cocoa

- In 2022, pladis continued its partnership with Earthworm on sustainable cocoa products. Earthworm published a 2022 pladis progress report, which also includes a focus on cocoa sustainability. This report is available in the 'Disclosures' section on pladis' website.
- pladis UK&I (United Biscuits) is a member of the World Cocoa Foundation, which promotes sustainable futures for cocoa farmers.

Strategic report (continued)

Wheat

- In the UK, pladis has maintained its Back to Farm agreements which deliver sustainable long-term supplies of wheat for over 40% of pladis UK&I's flour volumes. In 2022, Earthworm and pladis approached both wheat farmers' cooperatives participating in Back to Farm to initiate a pilot on regenerative agriculture with selected farmers. Earthworm published a 2022 pladis progress report, which also includes a summary of this pilot.

Plastic Packaging

- In 2022, pladis UK&I pursued its efforts towards delivering its commitment, as a member of the UK Plastics Pact, to have 100% of its plastic packaging reusable, recyclable or compostable by 2025.
- In the UK, we have been working with TerraCycle since 2012. Between 2012 and Dec. 2022, 18.6 million of our wrappers have been recycled through this scheme. While this represents a small percentage of our total wrappers placed on the market, when we began our relationship with TerraCycle, there were few – if any – viable alternatives for the disposal of our plastic packaging. Our work with TerraCycle has therefore historically provided an option for consumers to dispose of their flexible wrappers over this period while new technologies and solutions were being evolved.
- Since that time, some additional schemes have been developed that complement our work with TerraCycle and provide a wider range of recycling options. These include the front of store recycling points provided by some major UK retailers including those that are managed by the Flexible Plastic Fund, of which pladis UK&I has been a member since 2022.

Decarbonisation

- We have been purchasing 100% renewable electricity for all our UK manufacturing and office-based sites since 2018.
- In 2022, pladis started a collaboration with the Carbon Trust to map its scope 1, 2 and 3 greenhouse gas emissions in its value chain in Türkiye and the UK. Results for pladis UK&I are as follows:
 - total scope 1, 2 and 3 emissions accounted for 941,718 tons of CO₂e in pladis UK&I's value chain.
 - scope 3 emissions accounted for 92% of greenhouse gas emissions in pladis UK&I's value chain.
 - 78% of pladis UK&I's total (scope 1+2+3) emissions were product-related emissions, of which ingredients accounted for 85%.
 - cocoa and palm oil accounted for 45% of total emissions in pladis UK&I's value chain.
- Following this mapping, the Carbon Trust defined near-term science-based targets, combined for our value chain in Türkiye and the UK. Those targets will require a 42% decrease in our scope 1 and 2 emissions by 2030 compared to 2021, and a reduction between 25% and 42% in our scope 3 emissions, depending on scenarios (well below 2°C. vs. 1.5°C. in temperature increase).
- To reach those near-term science-based targets, the Carbon Trust has suggested roadmaps for our businesses in Türkiye and the UK, focusing on the reduction of scope 1 and 2 emissions, as well as scope 3 emissions.

In March 2022, United Biscuits had its Royal Warrant renewed by the Royal Household. This was based on several criteria, which included an in-depth review of the company's sustainability and Corporate Social Responsibility practices.

Strategic report (continued)

Health and Nutrition

The Nutrition team has active work streams to improve the nutritional value of some of our iconic and best-selling biscuits and snacks, as well as setting nutritional guidelines for all new product development. Nutrition education is a focus for the Group and we want to help consumers achieve a balanced, healthy lifestyle. A key part of this is ensuring employees and consumers understand the attributes of a healthy balanced diet and how to incorporate snacks into their diet responsibly.

The Group is fully engaged in supporting the Office for Health Improvement and Disparities reformulation programmes and committed to offering our consumers healthier choices when it comes to snacking, for example, products with reduced sugar, salt or saturated fat, or providing more calorie-controlled options. We also seek to encourage the consumption of positive nutrients and have publicly committed our support to the Food and Drink Federation's Action on Fibre initiative.

We want to be leaders in health and wellbeing, and nothing is sacred – except the delicious taste of our products. Our goal is to support consumers in improving their health and nutrition. We will achieve this with:

- Calorie caps per portion – to help consumers moderate calorie consumption;
- Redefinition of our future portfolio – to enhance nutrition credentials; and
- Clear nutrition information on pack and healthy eating advice on our corporate website

In 2022 in the UK we launched non-High Fat, Sugar, Salt (nHFSS) versions of our iconic McVities Rich Tea and McVitie's Digestives. These nHFSS products contain less saturated fat, sugar and salt and more fibre when compared to the regular equivalent product. Furthermore 2 flavours of Mini Cheddars Nibbles were launched, these are nHFSS compliant and contain 30% less saturated fat compared to other baked cheese snacks and biscuits. We also reformulated McVities Twiglets and Go Ahead fruit slices and fruit oat bakes to meet nHFSS criteria, whilst still maintaining the same great taste our consumers are used to.

In France, Mini BN Chocolate, strawberry and Casse Croute now have reduced saturated fat (5 – 20%), reduced salt (10 – 30%) and increased fibre (20 – 30%).

In our International business, Nigeria relaunched their Nice biscuit to include 15% sorghum in the flour blend. Sorghum is a local grain with high availability and a higher fibre and nutrient content.

Community Engagement

pladis' "Good to Give" programme has been running since 2009. pladis and its employees continue to donate through local fundraising in communities and charities in 2022. With covid restrictions still impacting the ability of our employees to donate their volunteering time, we focused our efforts on donations and raising money throughout the year for a number of local charities in each one of our regions.

In the UK, we fundraised for our official charity partner Starlight, which aims to brighten the lives of seriously ill children. We supported Starlight corporate challenges as well as donating products for family day trips and weekends away. We also celebrated our annual Make Happy, Be Happy Day where our employees raise funds through fundraising activities across all sites in all regions. In the UK we raised over £4,000 for Starlight which the UK&I business matched in funds. We also raised over £3,000 in fundraising activities across our manufacturing sites, focused on regional charity partners with connections to the local community.

In addition, in the UK, we continue to donate any surplus product through a partner organisation, In Kind Direct. We continue to build our relationship with Grocery Aid providing opportunities to give back and support our communities.

Methods of fundraising were varied, and included raffles, sponsored activities and cake baking sales. Employees all across the business raised money for national fundraising events, through sponsored runs and activities and dress down days. In addition to raising money, employees also take time out to help in their local community through a one-day Volunteering Day, such as decorating garden areas in local schools and nurseries and wrapping Christmas presents for underprivileged families. Many of our sites also support their local schools and colleges by offering careers advice, short term work experience and mentoring partnerships such as Girls Out Loud.

Strategic report (continued)

Principal risks and uncertainties

The Board assume overall accountability for the evaluation and management of risks to the Group.

The Group is exposed to strategic, operational and financial risk. Its financial risks are summarised, together with the actions taken by the Group to mitigate any significant exposures, in Note 18 to the Financial Statements. In addition, the Group is subject to a number of significant business risks, which it takes all possible actions to mitigate.

These risks include the following:

Leverage and ability to service debt

The Group's level of debt requires it to dedicate a significant portion of its cash flow from operations to its debt service obligations. Its leveraged status could increase its vulnerability to adverse general economic and industry conditions or to a significant business continuity issue, limit its ability to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes, place it at a disadvantage relative to its competitors that have less debt and limit its flexibility in planning for or reacting to changes in its business or industry. The Group closely monitors market performance and country information in the markets it operates in and carries out extensive due diligence prior to entering a new market. The Group's largest business unit is in the UK where it has a long-established business presence. The UK Company is a guarantor to bank borrowings that are subject to a financial covenant; should the financial covenant not be complied with, the borrowings may become due for immediate repayment, calling into question the Company's ability to continue as a going concern, unless cured by parental support, the Company securing alternative funding or otherwise waived or reset by the current lenders.

Business strategy implementation

The Group's strategy is to increase its cash flow and profitability by implementing initiatives aimed at achieving cost savings and generating profitable branded growth. If it is unsuccessful at implementing its strategy it may be unable to comply with its debt facilities. The Group manages and monitors, by reference to key performance indicators, resources allocated to the development of new products and to the research, development and technology process functions of its business.

Significant competition

The Group operates in highly competitive markets, and its failure to compete effectively might adversely affect the results of its operations. It competes primarily on the strength of its brands, the quality of its products, product innovation and price. The Group's ability to compete effectively requires continuous efforts in sales and marketing of its existing products, developing new products and cost rationalisation. The Group's marketing teams focus on its brands through investment in new product development, brand re-launches and frequently refreshes its consumer marketing campaigns and promotions to maintain consumer engagement.

Dependence on raw materials

The Group's ability to pass increases in raw materials and energy costs on to its customers could adversely affect the results of its operations. Many of its raw materials and energy costs are volatile and supplies are affected by government policies, the actions of its suppliers, currency movements, political upheavals and acts of God. Consequently, unexpected increases in raw material and energy costs or a material or prolonged supply disruption could adversely affect the results of its operations. The Group operates a commodity risk management framework to seek to manage supply and cost in a specified timeframe through forward purchases and the use of derivative instruments for certain key raw materials.

The Covid-19 pandemic and the war in Ukraine caused significant disruption and inflationary pressure on global supply chains. Our procurement, operational and technical teams continue to focus on supply continuity and minimising the impact of inflation as far as possible.

Strategic report (continued)

Continual evolution of retailers

The ongoing evolution of the retail food industry could adversely affect the Group's operating results. Such evolution involves the consolidation of sales channels, strong bargaining power of the major grocery retailers, intensified price competition among these retailers and the rapid growth of the discount retail channel and the accelerated expansion of eCommerce due to the Covid-19 pandemic. The Group's top customers are primarily major grocery retailers, discounters, independent grocers and convenience stores in the UK, the US and Europe. It has long-standing arrangements with many of its customers and agrees annual joint business plans with its top customers to support its position.

Supply and manufacturing processes

Product quality and safety issues may result in damage to the reputation of the Group's brands and the termination of agreements or licences to operate one or more of its brands and may affect its relationship with the company's customers. Additionally, the failure of any aspect of the Group's operational infrastructure could cause significant disruption to the Group's ability to supply products to its customers. The Group has product quality and safety control measures and processes in place to maintain the high quality of our products supplied. In addition, it runs a programme of investment in its production and distribution facilities to develop its infrastructure and support its growth and operational flexibility. The Group also carries general insurance cover and cover in relation to product liability.

Challenges to brands and intellectual property rights

Some of the Group's intellectual property rights could be challenged or lapse. As approximately 87% of its sales are from branded products this could adversely affect the Group's results. The Group protects its intellectual property rights by taking advantage of a combination of patent, trademark, copyright and trade secret laws in various countries, as well as licensing agreements, third party nondisclosure and assignment agreements and policing of third-party misuses of its intellectual property.

Restrictions on operations

The Group's debt facilities contain significant restrictions limiting its flexibility in operating its business including, among other things, to borrow money; pay dividends or make other distributions and make asset dispositions. These could materially and adversely affect the Group's ability to finance its future operations or capital needs or to engage in other business activities that may be in the Group's best interest. Such restrictions will reduce as the Group's leverage falls.

Funding defined benefit pension schemes

The Group operates defined benefit pension arrangements in the UK that have significant liabilities to current, previous and retired employees. To take advantage of the higher returns that equities and certain other investments have historically generated, a proportion of the pension plan funds are invested in such assets. This investment strategy carries the risk that a decline in values could increase the funding deficit in the schemes, which may require it to increase its contributions. The Group works with Trustees of the pension funds to agree future investment and funding strategies.

Changes to taxation or other government regulation

Changes in fiscal legislation and regulation in the various jurisdictions in which the Group operates may affect the taxes that it pays. In addition, Government bodies in the company's markets have been pursuing various initiatives aimed at increasing health and reducing the incidence of diseases that are seen to be linked to diet and reducing environmental impacts. The actions that government bodies may take could have an adverse effect on consumer demand for the Group's products.

Climate Change

Physical and transition climate change risks including water stress and increased regulation, as well as inability to meet sustainability goals, could reduce the Group's revenues and profits. These risks could also impact trust and reputation amongst consumers, investors and other stakeholders.

Strategic report (continued)

The Group's regulatory and legal teams monitor and ensure compliance with all relevant legislation and regulations and where appropriate work closely with external advisors and the regulators, government bodies and relevant trade associations regarding current and future legislation which would impact upon the business.

The Group also face significant risks and uncertainties that are common to many companies operating in global markets – including financial and treasury risks, information security and cyber risks, reputational and business continuity risks.

Additional risks not presently known to the Group, or that management currently deem immaterial, may also impair future business operations.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of different matters.

In doing this section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

As an intermediate holding company, board meetings are held as necessary where the directors consider the Company's activities and make decisions. As a part of those meetings the directors receive information on section 172 matters when making relevant decisions. In making our decisions we considered a range of factors, including our section 172 duties as set out above.

Employee engagement

As the principal activity of the Company is to act as a holding company, the Company had no employees during the period and as such the breadth of employee and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors. The employees of the Group are employed by the Group's operating entities. For UK employees, the relevant employee engagement statement is included in the directors' report of United Biscuits (UK) Limited.

Fostering business relationships

As the principal activity of the Company is to act as a holding company for the other entities in the pladis group, the Company has had no commercial business, and no employees, customers or suppliers other than other pladis group companies during the period and as such the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors. Our stakeholder engagement best takes place at an operational level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues. For details on some of the engagement that takes place at an operational level in the UK, please refer to the section 172(1) statement contained in the directors' report of our operating company, United Biscuits (UK) Limited.

This report was approved by the board of directors on 27 April 2023 and signed on its behalf by:

27 April 2023

Directors' report

The directors present their annual report and the audited consolidated financial statements of UMV Global Foods Holding Company Ltd (the 'Company') together with its subsidiaries ('the Group') for the year ended 31 December 2022.

The directors have chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report.

Dividends

No dividends have been paid or proposed in the current year or prior year.

Principal activities, going concern and future developments

The Group's business activities and performance against its key performance indicators and likely future developments are set out in the Strategic Framework section of the Strategic Report.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 26 and 29 and Notes 17 and 18 to the financial statements. In addition, Notes 17 and 18 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk, commodity risk and liquidity risk.

The Group intends to continue manufacturing and selling biscuit and savoury snacks with a principal focus on its key financial performance indicators and delivering its strategic objectives as detailed in the Strategic Report.

The Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The financial statements have been prepared on a going concern basis as the directors are satisfied that the Group has adequate financial resources to continue its operations for the foreseeable future. In making this statement, the Group's directors have reviewed the Group budget and available finance facilities and have made such other enquiries, as they considered appropriate.

Directors

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

Murat Ulker

Richard Handscombe

Simon Edward Munir

Ahmed Salman Amin (appointed 19 January 2022)

Qualifying third party indemnity provision

During the year and till the time of signing of this report, the company continues to maintain Directors and Officers Liability Insurance to indemnify the company's directors against any liability incurred in the course of their office to the extent permitted by law.

Directors' report (continued)

Employment Policies

The Group has a comprehensive framework of employment policies. The Group upholds the rights and opportunities of all people to seek, obtain and hold employment with dignity and without any form of discrimination. It is the Group's policy that employees at all levels shall not in their dealings harass or discriminate against other individuals on grounds of gender, race nationality, religion, marital status, sexual orientation, disability, age or for any other reason whatsoever. This policy applies in respect of all conditions of employment, especially hiring, continuing employment and career development information. We regularly communicate and consult with employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions, which are likely to affect their interests. Employees are systematically provided with information on matters that may concern them and are made aware of the financial and economic factors affecting the Group's performance. Performance bonuses for employees are based on individual and company-wide performance systems.

Research & Development

The goal is for the technical teams to support our branded growth goals by driving value creation through optimised product delivery aligned to and supporting the Group's strategic objectives. See Note 6 for details.

Stakeholder Reporting

For information on stakeholder reporting please refer to the Section 172(1) statement in the Strategic Report.

Governance Reporting

For information on governance reporting please refer to page 7 in the financial statements of United Biscuits (UK) Limited.

Streamlined Energy and Carbon Reporting

Following the introduction of the new SECR (streamlined energy and carbon reporting) regulations in April 2019, we have detailed our scope 1,2 & 3 UK greenhouse gas emissions for the period 1 January to 31 December 2022 in the table below

Directors' report (continued)

UK Energy and carbon emissions reporting	unit of measure	2022	2021
Energy consumption used to calculate emissions - for gas, electricity*, transport and business travel emissions	kWh	330,832,484	362,475,946
Scope 1 - emissions from gas, fleet transport and company car business travel	tCO ₂ e	47,783	51,979 *
Scope 2 - emissions from purchased electricity* - location based	tCO ₂ e	14,726	18,090
Scope 3 - emissions from staff vehicles used for business purposes	tCO ₂ e	143	69
Total gross emissions	tCO ₂ e	62,652	70,138
Intensity ratio - tCO ₂ e per production tonnage - location based	tCO ₂ e/ton	0.180	0.178
Market based emissions	unit of measure	2022	2021
Scope 2 - emissions from purchased electricity* - market based	tCO ₂ e	—	—
Intensity ratio - tCO ₂ e per production tonnage - market based	tCO ₂ e/ton	0.137	0.132

*100% renewable electricity

Quantification and reporting methodology

We have followed the 2020 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting. Energy data is obtained from meter readings, fleet fuel data from vehicle telemetry system and business mileage from expenses system.

The chosen intensity measurement ratio is the recommended ratio for our sector.

For 2022 reporting and 2021 comparatives we have made an amendment to our fleet transport emission reporting to include only usage from our own fleet and not hired fleet.

Measures taken to improve energy efficiency

In 2022, pladis commissioned a third-party to carry out the value chain mapping of its scope 1, 2 and 3 greenhouse gas emissions in the UK to undertake some value chain emissions mapping and recommend some near-term science-based reduction targets.

To reach those near-term science-based targets they suggested roadmaps, based on existing ESOS (Energy Savings Opportunity Scheme) audits, for pladis UK&I's scope 1 and 2 emissions. pladis is currently reviewing those roadmaps with our supply chain and procurement teams.

Alongside this, our manufacturing team has developed specific plans for energy reduction projects to be implemented in 2023 in relation to human element energy saving activities (process/temperature controls), air leak reduction, roof insulation and energy efficient lighting.

Directors' report (continued)

We continue to participate in the Department for Transport Longer Semi-Trailer trial (ends 2024) which aims to reduce the number of journeys via higher capacity vehicles.

The group has been purchasing 100% renewable electricity since April 2018.

Disclosure of Information to the Auditors

The Directors who were members of the board at the time of approving the directors' report are listed on page 15.

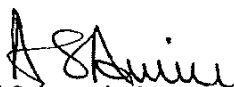
The directors confirm that, in the case of each person who is a director at the time when the directors' report is approved, as far as each director is aware, there is no relevant audit information of which the auditors are unaware and that directors have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be put to the forthcoming Annual General Meeting.

This report was approved by the board of directors on 27 April 2023 and signed on its behalf by:



Ahmed Salman Amin

Director

27 April 2023

Registered office: Building 3 Chiswick Park, 566 Chiswick High Road, Chiswick, W4 5YA.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

Independent auditors' report to the members of UMV Global Foods Holding Company Ltd.

Report on the audit of the financial statements

Opinion

In our opinion:

- UMV Global Foods Holding Company Ltd.'s consolidated financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's and parent company's loss and the group's cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and parent company balance sheets as at 31 December 2022; the consolidated and parent company income statements, the consolidated statement of comprehensive income, the consolidated and parent company statements of changes in equity, and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 group's and the parent 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.

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.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to food safety, food labelling, health and safety and workplace, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, income taxes, value added taxes and payroll taxes. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of fraudulent journal entries in order to overstate revenues or to conceal the misappropriation of cash and cash equivalents. Audit procedures performed by the engagement team included:

- performing inquiries of management to determine if they were aware of any frauds, alleged frauds or non-compliance with laws or regulations;
- inspecting minutes of meetings of the Board of Directors to determine if there were any discussions involving frauds or alleged frauds, or non-compliance with laws and regulations;
- performing testing of journal entries and this involved specifically searching the journal ledger for entries that initially appeared to us to contain unusual account combinations and that had the impact of increasing revenue, decreasing cash and cash equivalents, or decreasing accounts payable. We also searched the journal ledger to determine if any journal entries had been posted directly by the company's directors or if there were any unusual words appearing in the journal entry descriptions;
- performing certain procedures on an unpredictable basis including testing business expenses claimed by employees for reimbursement, performing revenue analytics and testing journal entries posted on weekends.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



David Beer (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

28 April 2023

Consolidated income statement

For year ended 31 December 2022

	Note	2022 £m	2021 £m
Revenue	3	1,155.4	1,134.3
Cost of goods sold		(787.2)	(748.2)
Gross profit		368.2	386.1
Distribution, selling and marketing expenses		(167.5)	(202.2)
General and administrative expenses		(118.9)	(92.3)
Operating profit before non-underlying and restructuring operating items		81.8	91.6
Operating profit before non-underlying and restructuring operating items is comprised as follows:			
Adjusted EBITDA		138.0	149.0
Pension administration expense	21	(6.4)	(5.7)
Depreciation and amortisation expense	6	(49.8)	(51.7)
Non-underlying and restructuring operating items	5	(34.0)	(25.0)
Operating profit	6	47.8	66.6
Loss from the disposal of businesses and subsidiaries	4	-	(2.9)
Interest receivable and other financial income	7	4.1	7.9
Interest payable and other financial charges	8	(50.3)	(53.0)
Other finance expense – pensions	21	(1.0)	(1.8)
Profit before tax		0.6	16.8
Tax	9	(9.8)	(74.4)
Loss for the year		(9.2)	(57.6)

All amounts relate to continuing activities.

The notes on pages 30 - 86 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Loss for the year		(0.2)	(57.6)
Items not to be reclassified subsequently to profit or loss			
Revaluation of property		(8.9)	15.2
Remeasurement of net defined benefit pension plan liability	21	56.7	67.7
Deferred tax on items not to be reclassified subsequently to loss or profit	9	(12.0)	(13.5)
Total items not to be reclassified subsequently to profit or loss		35.8	69.4
Items that may be reclassified subsequently to profit or loss			
Gain on cash flow hedges arising during the year		4.0	13.9
Transfer of gain on cash flow hedges to income statement		(20.0)	(4.0)
Exchange differences on translation of foreign operations		12.0	(18.4)
Deferred tax on items that may be reclassified subsequently to profit or loss	9	(1.1)	2.2
Total items that may be reclassified subsequently to profit or loss		(5.1)	(6.3)
Other comprehensive income for the year after tax		30.7	63.1
Total comprehensive income for the year after tax		21.5	5.5

The notes on pages 30 - 86 form an integral part of these financial statements.

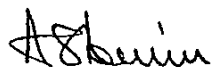
Consolidated balance sheet

As at 31 December 2022

	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Intangible assets	10	1,840.2	1,836.3
Property, plant and equipment	11	367.3	382.0
Total non-current assets		<u>2,207.5</u>	<u>2,218.3</u>
Current assets			
Inventories	13	79.0	67.8
Trade and other receivables	14	179.3	164.9
Derivative financial instruments	18	7.5	3.3
Cash and cash equivalents	15	191.7	203.2
Total current assets		<u>457.5</u>	<u>439.2</u>
TOTAL ASSETS		<u>2,665.0</u>	<u>2,657.5</u>
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	20	1,200.0	1,200.0
Share premium	20	91.5	91.5
Other reserves	20	(36.3)	(24.5)
Accumulated loss		(167.4)	(200.7)
Total equity		<u>1,087.8</u>	<u>1,066.3</u>
Non-current liabilities			
Borrowings	17	619.4	35.4
Amount due to parent company	23	263.9	257.3
Retirement benefit liability	21	5.1	75.0
Other payables		0.4	0.5
Provisions	19	6.7	5.7
Deferred tax	9	268.4	246.1
Total non-current liabilities		<u>1,163.9</u>	<u>620.0</u>
Current liabilities			
Borrowings	17	20.7	595.5
Trade and other payables	16	379.7	352.8
Derivative financial instruments	18	3.1	0.6
Provisions	19	9.8	22.3
Total current liabilities		<u>413.3</u>	<u>971.2</u>
Total liabilities		<u>1,577.2</u>	<u>1,591.2</u>
TOTAL EQUITY AND LIABILITIES		<u>2,665.0</u>	<u>2,657.5</u>

The notes on pages 30 – 86 form an integral part of these financial statements.

The consolidated financial statements of UMV Global Foods Holding Company Ltd (registered number: 9289015) on pages 24 to 86 were approved by the Board and signed on its behalf on 27 April 2023.



Ahmed Salman Amin

Director

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share Capital £m	Share Premium £m	Currency Translation Reserve £m	Properties Revaluation Reserve £m	Hedging Reserves £m	Accumulated loss £m	Total Equity £m
At 1 January 2022	1,200.0	91.5	(61.7)	23.8	13.4	(200.7)	1,066.3
Comprehensive (expense)/income in the year, net of tax effects:							
Loss for the year	-	-	-	-	-	(9.2)	(9.2)
Revaluation of property	-	-	-	(6.7)	-	-	(6.7)
Re-measurement gain on defined benefit pension plans net of tax	-	-	-	-	-	42.5	42.5
Exchange difference on translation of foreign operations	-	-	10.9	-	-	-	10.9
Net loss on cash flow hedges (Note 18)	-	-	-	-	(16.0)	-	(16.0)
Total comprehensive income/(expense) for the year	-	-	10.9	(6.7)	(16.0)	33.3	21.5
At 31 December 2022	1,200.0	91.5	(50.8)	17.1	(2.6)	(167.4)	1,087.8

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share Capital	Share Premium	Currency Translation Reserve	Properties Revaluation Reserve	Hedging Reserves	Accumulated loss	Total Equity
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2021	1,200.0	91.5	(45.5)	12.4	3.5	(201.1)	1,060.8
Comprehensive (expense)/income in the year, net of tax effects:							
Loss for the year	-	-	-	-	-	(57.6)	(57.6)
Revaluation of property	-	-	-	11.4	-	-	11.4
Re-measurement gain on defined benefit pension plans net of tax	-	-	-	-	-	58.0	58.0
Exchange difference on translation of foreign operations	-	-	(16.2)	-	-	-	(16.2)
Net gain on cash flow hedges (Note 18)	-	-	-	-	9.9	-	9.9
Total comprehensive (expense)/income for the year	-	-	(16.2)	11.4	9.9	0.4	5.5
At 31 December 2021	1,200.0	91.5	(61.7)	23.8	13.4	(200.7)	1,066.3

The notes on pages 30 – 86 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2022

	Note(s)	2022 £m	2021 £m
Operating activities			
Operating profit		47.8	66.6
Adjustments for:			
Depreciation and amortization	6,10,11	49.8	51.7
Non-underlying and restructuring operating expenses	5	27.3	25.0
Impairment		6.7	-
Pensions costs		4.0	8.1
Accrued management fees		5.0	2.9
Cash flows related to commodity-related financial derivatives		(14.1)	(6.7)
Cash flows relating to non-underlying and restructuring operating expenses		(39.9)	(14.4)
Pension payments, including deficit contributions		(18.3)	(37.3)
		<u>68.3</u>	<u>95.9</u>
(Increase)/decrease in inventories		(8.9)	10.1
(Increase)/decrease in receivables		(11.4)	28.2
Increase/(decrease) in payables		<u>20.0</u>	<u>(30.9)</u>
Cash generated from operations		<u>68.0</u>	<u>103.3</u>
Interest paid		(27.0)	(30.6)
Income taxes paid		<u>(1.0)</u>	<u>(1.4)</u>
Net cash inflow from operating activities		<u>40.0</u>	<u>71.3</u>
Investing activities			
Capital expenditure and purchases of intangible assets	10,11	(39.2)	(34.4)
Interest received		<u>0.1</u>	<u>-</u>
Net cash outflow from investing activities		<u>(39.1)</u>	<u>(34.4)</u>
Financing activities			
Amounts paid to group companies		(22.1)	(9.5)
Proceeds/(repayment) of borrowings		<u>7.5</u>	<u>(13.5)</u>
Net cash outflow from financing activities		<u>(14.6)</u>	<u>(23.0)</u>
(Decrease)/ Increase in cash and cash equivalents in the year		<u>(13.7)</u>	<u>13.9</u>
Currency translation differences		2.2	2.9
Cash and cash equivalents at beginning of year		<u>203.2</u>	<u>186.4</u>
Cash and cash equivalents at end of year	15	<u>191.7</u>	<u>203.2</u>

The notes on pages 30 - 86 form an integral part of these financial statements.

1 Authorisation of financial statements

The financial statements of UMV Global Foods Holding Company Ltd and its subsidiaries (the "Group") on page 24 – 86 for the year ended 31 December 2022 were authorised for issue by the board of directors on 27 April 2023 and the balance sheet was signed on the Board's behalf by Ahmed Salman Amin. UMV Global Foods Holding Company Ltd is a private company limited by shares, registered, incorporated and domiciled in England and Wales, United Kingdom. Its registered office is stated on page 18.

2 Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards (IFRS).

Accounting policies have been applied consistently.

The financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value and certain properties that are measured at revalued amounts. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Unless the context indicates otherwise, "2022" means year ended 31 December 2022.

The consolidated financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates and all references to "sterling" or "£" are to the lawful currency of the United Kingdom. All values are rounded to the nearest one hundred thousand pounds, except where otherwise indicated.

The principal accounting policies adopted are set out below.

2 Accounting policies (continued)

Statement of compliance

The Group's financial statements have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements comprise the financial statements of UMV Global Foods Holding Company Limited and its subsidiaries made up to the same accounting reference date each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and will continue to be consolidated until the date that such control ceases. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to a variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation. The Company's subsidiaries are listed in Note 12 to the financial statements.

Significant accounting judgements, estimates, and assumptions

The preparation of the Group's financial statements in accordance with UK adopted international accounting standards requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, ultimately actual results may differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year arise in connection with the possible impairment of goodwill and intangible assets, the measurement of defined benefit pension obligations, and promotional accruals.

Judgements

Goodwill and intangible assets impairment review – The Group determines whether goodwill and indefinite life intangible assets are impaired on at least an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. Considerable management judgement is necessary to identify cash generating units, estimate discounted future cash flows and apply a suitable discount rate. Further details are given in Note 10.

Defined benefit pension obligations – The cost of pension benefit plans and post-retirement healthcare benefits is determined using actuarial valuations. The minimum funding requirement under IFRIC 14 which results in an additional liability of £159.6 million is a judgement applied by the Group which stems from the interpretation of the plan rules of the pension schemes. The interpretation and implementation of the asset ceiling is a further judgement applied by the Group. Further details about the assumptions used are given in Note 21.

Estimates

Defined benefit pension obligations – The cost of pension benefit plans and post-retirement healthcare benefits is determined using actuarial valuations. This involves making assumptions about future changes in salaries, future pension increases, mortality rates and discount rates. Due to the long-term nature of these plans, considerable management judgement is necessary and estimates are subject to significant uncertainty.

Promotional accruals – The Group accrues for trade discounts and other allowances against agreed promotional activity. Such accruals are subject to a number of variables, e.g. redemption rates and anticipated volumes, and are sensitive to small changes in these variables. These costs are accrued using best estimates using cumulative experience to estimate the provision for discounts, using the most likely amount method; revenue is only recognised to the extent that it is highly probable a significant reversal will

2 Accounting policies (continued)

not occur. The actual costs may not be known until subsequent years when negotiations with customers are concluded and actual data is available.

Changes in accrual estimates are recorded through the income statement. Management considers this estimation uncertainty to be an area of judgement that is significant due to the volume of such transactions. A promotional accrual of £25.7m (2021: £32.8m) is included within trade payables.

Revenue

The Group's only significant revenue stream is the sale of products to third parties at amounts invoiced net of trade discounts and rebates, excluding sales related taxes. Trade discounts include sales incentives, up-front payments and other non-discretionary payments. Display and feature costs are deducted from revenue in the financial statements. Revenue is recognised when control of the products being sold has transferred to our customer and when there are no longer any unfulfilled obligations to the customer. This is generally on delivery to the customer but depending on individual customer terms, this can be at the time of dispatch, delivery or upon formal customer acceptance. This is considered the appropriate point where the performance obligations in our contracts are satisfied as the Company no longer has control over the inventories. Typically, once the Group issues an invoice to the customer, cash is collected within a period of 45 days. At each balance sheet date any expenditure incurred, but not yet invoiced in relation to trade discounts and other allowances, is estimated and accrued and deducted from revenue. Revenue also includes royalty income from licences associated with the Group's brands.

Royalties are earned from the use of the Company's brands by third parties. Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement. Royalties determined on a non-usage basis are recognised on a straight-line basis over the period of the agreement as the revenue is contracted at a fixed price on an annual basis and the Group is giving access over the use of the brand rather than granting control of it. Royalty arrangements that are usage based such as on production, sales and other measures are recognised on the later of:

- a) the subsequent sale or usage occurs; and
- b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied)

Revenue also includes income from a distribution contract. Such revenue is recognised on a monthly accruals basis and is based on the volume of deliveries.

Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Adjusted EBITDA

Adjusted EBITDA is the primary measure by which management measures business performance and is used by management for the purpose of business decision-making and resource allocation. Adjusted EBITDA represents the operating profit or loss from operations before taxes, financing, restructuring items (such as redundancy costs), pension administration costs, depreciation and amortisation expense, acquisition and disposal related costs and other significant items which the directors assess not to relate to the underlying performance of the business due to their nature or frequency of occurrence. Adjusted EBITDA is an alternative performance measure which is not defined or specified under the requirements of IFRS. Adjusted EBITDA is not a substitute for or superior to IFRS measures, but management believes it does provide stakeholders with additional helpful information on the performance of the business.

Non-underlying and restructuring operating items

The Group presents as non-underlying and restructuring operating items those items of income and expense which, in the opinion of the Directors, because of their nature merit separate presentation to enable users of the financial statements to better understand the elements of financial performance in the period, to facilitate comparison with prior periods and to assess trends in financial performance more easily.

Non-underlying expenses include charges arising from curtailment events and other projects affecting the Group's pension schemes, uninsured costs arising from natural disasters, charges for impairment of plant,

2 Accounting policies (continued)

equipment, intangible assets, profits and losses on the disposal of property, plant and equipment, costs associated with acquisitions and disposals (both completed and aborted) and costs associated with major ERP upgrades which do not qualify for capitalisation.

Restructuring costs are costs that are incremental to costs the Group would otherwise incur in relation to its normal operations. Principally, they are costs associated with projects implemented to improve efficiency of the Group's operations, integrate acquisitions, restructure departments or reduce the cost base of the business. For example, redundancy costs resulting from the closure or integration of a business or part of a business; costs directly associated with implementing improved ways of working and costs of product recalls.

Costs associated with an activity that meets the definition of restructuring and other non-underlying expenses are charged to the income statement at the point the Group is committed to incurring those costs.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and are not retranslated.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date. Exchange differences are recognised in other comprehensive income.

On consolidation, assets and liabilities of foreign operations are translated into sterling at the exchange rate prevailing at the balance sheet date. Income and expense items are translated into sterling at the average rates for the year.

Exchange differences arising on the translation of opening net assets of Group companies, together with differences arising from the translation of the net results at average or actual rates to the exchange rate prevailing at the balance sheet date, are taken to other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). On disposal of a foreign entity, the deferred accumulated amount recognised in other comprehensive income relating to that particular foreign operation is reclassified to the income statement.

Business combinations and goodwill

Business combinations, including entities that are subject to common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs are expensed when incurred. Goodwill is initially measured at cost being the excess of the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the identifiable amounts of the assets acquired and liabilities assumed in exchange of the business combination. Goodwill represents consideration paid by the Group in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised.

2 Accounting policies (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to an annual impairment review or more frequently when events or changes in circumstances indicate any impairment may exist.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

On acquisition, the Group recognises any separately identifiable intangible assets separately from goodwill, initially measuring the intangible assets at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either indefinite or finite. Intangible assets with indefinite useful lives, as determined by the Group's Board of Directors, are not amortised but are subject to an impairment review on an annual basis or more frequently when events or changes in circumstances indicate any impairment may exist. Purchased brands are deemed to have indefinite lives when there is proven longevity of the brand and continued marketing support is envisaged.

Intangible assets with finite useful lives are amortised over their useful lives. The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment is charged to the income statement in the period it arises.

The Group capitalises computer software at cost and also capitalises software based on costs incurred where certain specific criteria are met. Computer software is amortised on a straight-line basis over its estimated useful life, up to 5 years.

Advertising and promotional costs

Advertising and promotional costs are charged to the income statement in the period in which the Group either received the service or had the right to access the related goods.

Property, plant and equipment

Property, plant and equipment excluding freehold land and buildings is stated at cost less depreciation and provision for impairment where appropriate.

Freehold land and buildings are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Revaluations of freehold land and buildings are carried out by an external expert and classified as level 2 fair values as they are based on market price indices and observable transactions involving assets of a similar nature.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

2 Accounting policies (continued)

Depreciation on revalued buildings is charged to income. On the subsequent sale or scrappage of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to accumulated loss.

Freehold land is not depreciated.

Depreciation is provided on a straight-line basis based on the cost or valuation less residual value of assets over their expected useful lives. Rates of depreciation applied are as follows:

Land and buildings	1.5 – 2% p.a.
Leasehold improvements	1.5 – 2% p.a or over the life of the lease
Plant, machinery and vehicles	3.0 – 20.0% p.a.
Fixtures and fittings	10.0 – 33.0% p.a.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets under construction are capitalised but are not depreciated until such time as they are available for use.

Technical stores consist of spare parts and other items for the repair and maintenance of plant and equipment. Major spare parts (costing more than £1,000) are recorded as assets under construction until such time as they are brought into use. All other purchases are expensed.

Property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired. Any impairment is charged to the income statement in the period in which it arises. Useful lives and residual values of assets are reviewed annually.

Impairment of non-financial assets

Goodwill arising on business combinations is allocated to the groups of cash-generating units (equivalent to the Group's business units as described in Note 10). The recoverable amount of the cash-generating units to which goodwill has been allocated is tested for impairment annually or more frequently when events or changes in circumstances indicate that it might be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Previous impairments of goodwill are not reversed at a later date.

The carrying values of property, plant and equipment and intangible assets with finite lives are reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

Where purchased intangible assets are considered by the Board of Directors to have an indefinite useful life, they are not amortised but are subject to an impairment review on an annual basis or more frequently if necessary. Intangible assets not yet available for use, for example, computer software under development, are tested for impairment annually.

An impairment review is performed by comparing the carrying value of the property, plant and equipment or intangible asset or goodwill with its recoverable amount, the recoverable amount being the higher of the fair value of the asset less costs to sell and the asset's value in use. An asset's fair value less costs to sell is the amount that could be obtained on disposal of the asset. The value in use is determined by discounting, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, the expected future cash flows resulting from its continued use, including those on final disposal. Impairment losses are recognised in the income statement immediately.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs. Considerable management judgement is

2 Accounting policies (continued)

necessary to estimate discounted future cash flows. Accordingly, actual cash flows could vary considerably from forecast cash flows.

Impairment reversals are permitted to property, plant and equipment or intangible assets (but not to goodwill) only to the extent that the new carrying value does not exceed the amount it would have been had no impairment loss been previously recognised.

Leases

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Initial measurement of the right-of-use asset:

The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company incurs the obligation for those costs either at the commencement date or because of having used the underlying asset during a particular period.

Initial measurement of lease liability:

At the commencement date, the lease payments included in the measurement of the lease liability comprise the fixed payments, less any lease incentives receivable, for the right to use the underlying asset during the lease term that are not paid at the commencement date.

Subsequent measurement of the right-of-use asset:

The Company as a lessee shall measure the right-of-use asset at cost by subtracting any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The Group does not have any extension or purchase options on its leases.

Subsequent measurement and reassessment of the lease liability:

After the commencement date, the Company shall remeasure the lease liability to reflect changes to the lease payments. The Company shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. The Company shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- interest on the lease liability; and
- any material amendment within the scope of lease contract.

2 Accounting policies (continued)

The Company shall remeasure the lease liability by discounting the revised lease payments when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect). The Company shall determine the revised lease payments for the remainder of the lease term based on the revised contractual payments.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

In the statement of financial position, right-of-use assets have been included in property, plant and equipment. Finance lease liabilities have been disclosed separately.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value. The cost of products manufactured by the Group comprises direct material and labour costs together with appropriate factory overheads. The cost of raw materials and goods for resale is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution.

Financial assets - initial recognition and measurement

The Group classifies its financial assets into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

This classification depends on our business model for managing the financial asset and the contractual terms of the cash flows. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. All of the Group's financial assets (except cash) are debt instruments that provide the Group with a contractual right to receive cash or another asset.

Financial assets - subsequent measurement

The subsequent measurement of the Group's financial assets (except cash) depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories that debt instruments are classified as:

- amortised cost;
 - financial assets at fair value through other comprehensive income; or
 - financial assets at fair value through profit or loss.
- i. Amortised cost - assets measured at amortised cost are those which are held to collect cash flows on the repayment of principal or interest. A gain or loss on a financial asset recognised at amortised cost on de-recognition or impairment is recognised in profit or loss. Any interest income is recognised within finance income using the effective interest rate method.
 - ii. Fair value through other comprehensive income - assets that are held at fair value through other comprehensive income are those that are held to collect cash flows on the repayment of principal and interest or which are held to recognise a capital gain through the sale of the asset. Movements in the carrying amount are recognised in other comprehensive income except for the recognition of impairment, interest income and foreign exchange gains or losses which are recognised in profit or loss. On de-recognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income is included in finance income using the effective interest rate method.

2 Accounting policies (continued)

- iii. Fair value through profit or loss - assets that do not meet the criteria for either amortised cost or fair value through other comprehensive income are measured as fair value through profit or loss. Related transaction costs are expensed as incurred. Unless they form part of a hedging relationship, these assets are held at fair value, with changes being recognised in the income statement. Interest income from these assets is included within finance income.

Financial assets - impairment

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables, other receivables and amounts due from related parties. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, other receivables and amounts due from related parties. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivable, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits repayable on demand with any qualifying financial institutions, less overdrafts from any qualifying institution repayable on demand.

Borrowings

Borrowings are initially recognised at fair value, which is represented by the amount of net proceeds received including any premium on issue and after deduction of issue costs. Borrowings are subsequently stated at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount of the financial liability.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Taxes

Current tax is based on the results for the period as adjusted for non-assessable or disallowed items. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

2 Accounting policies (continued)

Deferred tax is accounted for in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Additionally, where the temporary difference arises from the initial recognition of goodwill or initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (or loss), deferred tax is not recognised.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Their carrying amount is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Where deferred tax assets and liabilities arise in the same jurisdiction and are expected to reverse in a similar period they are presented on a net basis.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset or liability is realised based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Pensions and other post-retirement benefits

The Group's main post-retirement arrangements are in the United Kingdom and are of the defined benefit type, for which contributions are paid into separately administered funds. The Group's U.K. defined benefit plans are closed to future accruals and membership of defined contribution plans is available for employees. The Group also provides additional post-retirement benefits to certain senior managers in the United Kingdom and post-retirement healthcare benefits in the Netherlands, both of which are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice. The net interest cost on scheme assets and liabilities is recognised within the Consolidated Income Statement. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the Consolidated Income Statement during the period in which the settlement or curtailment occurs. Re-measurement gains and losses are recognised in full in the consolidated statement of other comprehensive income in the period in which they occur.

The Group recognises a surplus in schemes only through a reduction in future contributions or where a right to a refund exists. Where the payment in relation to a minimum funding requirement creates a surplus (on an IAS 19R basis) recognised on the basis of a potential refund, the tax on this refund is deemed to be an income tax and consequently no provision is recognised.

Contributions to defined contribution plans are recognised in the consolidated statement of profit or loss in the period in which they are payable.

Provisions

In the normal course of business the Group is involved in certain disputes. Provision for contingent liabilities is made when the Group has a present obligation (legal or constructive) as a result of a past event, it is deemed probable that an adverse outcome will occur and the amount of the loss can be reasonably estimated. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where the Group is the plaintiff in pursuing claims against third parties, legal and associated expenses are charged to the income statement as incurred.

2 Accounting policies (continued)

The recognition of provisions for disputes is subject to a degree of estimation. In making its estimates management takes into account the advice of internal and external legal counsel. Provisions are reviewed regularly and amounts updated where necessary to reflect developments in the disputes. The ultimate liability may differ from the amount provided depending on the outcome of court proceedings and settlement negotiations or if investigations bring to light new facts.

Derivative financial instruments and hedging

The Group uses certain derivative financial instruments for the purpose of hedging foreign exchange and commodity price risks. Hedges of foreign exchange risk or firm commitments are accounted for as cash flow hedges. The Group also holds interest rate swap derivative financial instruments that no longer qualify for hedge accounting.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Hedge accounting is applied where derivative financial instruments are measured to have been highly effective in offsetting the changes in fair value or cash flows of the hedged items. Derivatives outside a hedging relationship are recorded at fair value at the balance sheet date with any gains or losses being recognised in the income statement.

(a) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset.

2 Accounting policies (continued)

or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(b) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income ("FVTOCI") in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of new IFRSs issued by the International Accounting Standards Board (IASB) and amendments to IFRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2 Accounting policies (continued)

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Leases*. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Annual Improvements to IFRS Standards 2018 –2020

The following improvements were finalised in May 2020:

- IFRS 9 *Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 *Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 *First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

IAS 41 *Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

These amendments had no material impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

New standards and interpretations and Standards issued but not yet effective

The following are new pronouncements or amendments to standards which were issued as at 31 December 2022 but are not yet effective and which are relevant to the Group.

2 Accounting policies (continued)

		Effective for accounting periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
IAS 1 (amendments)	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 8 (amendments)	Definition of accounting estimates	1 January 2023
IAS 1 and IFRS Practice Statement 2 (amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 12 (amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

3 Revenue

The Group has one significant revenue stream, being the sale of sweet and savoury biscuits and baked bagged snacks, all of which arises under customer contracts.

Revenue from customer contracts by geographical area

	2022 £m	2021 £m
United Kingdom and the Republic of Ireland	756.0	765.7
Rest of World	399.4	368.6
	<u>1,155.4</u>	<u>1,134.3</u>

Timing of revenue recognition

	2022 £m	2021 £m
Point in time (primarily sale of goods)	1,121.4	1,103.7
Over time (primarily distribution income)	34.0	30.6
	<u>1,155.4</u>	<u>1,134.3</u>

The aggregate amount of the transaction price allocated to performance obligations that are (partially) unsatisfied at the balance sheet date is nil.

4 Business combinations and divestments

Irish Biscuits (N.I.) Limited

On 30 April 2021, the Group sold Irish Biscuits (N.I.) Limited to a third party for a nominal value of £1.

	2021 £m
Cash proceeds	-
Less: costs of disposal	-
Net proceeds	-
Less: assets disposed of	
- Goodwill	2.6
- PPE	0.3
Loss on disposal	<u>(2.9)</u>

5 Non-underlying and restructuring operating items

	Total £m
2022	
Restructuring costs ⁽¹⁾	27.3
Other non-underlying costs	6.7
Non-underlying and restructuring operating items	34.0

	Total £m
2021	
Restructuring costs ⁽¹⁾	25.1
Other non-underlying costs	(0.1)
Non-underlying and restructuring operating items	25.0

- ⁽¹⁾ Represents amounts due to or paid to employees for severance costs and other expenses in connection with restructuring activities. The Group expects to utilise the provisions associated with these expenses within the next 12 months.

6 Operating profit

	2022 £m	2021 £m
Operating profit is stated after charging/(crediting):		
Depreciation and amortisation expense:		
Depreciation of property, plant and equipment	43.9	47.8
Amortisation of computer software	5.9	3.9
	<u>49.8</u>	<u>51.7</u>
The depreciation and amortisation expense by function was as follows:		
Cost of goods sold	30.0	31.6
Distribution, selling and marketing expenses	9.0	8.1
General and administrative expenses	10.8	12.0
	<u>49.8</u>	<u>51.7</u>
Operating lease rentals:		
Property	0.5	0.1
Plant and equipment	0.5	0.5
	<u>1.0</u>	<u>0.6</u>
Net foreign exchange (gain)/loss	(0.6)	0.1
Shareholder fees	5.0	2.9
Product research and development	7.0	7.4
Advertising expenditure	8.4	18.4
Staff costs and directors' emoluments		
Gross wages and salaries, holiday pay and sick pay	207.5	188.9
Social security costs	22.7	19.4
Pension costs	17.1	17.7
	<u>247.3</u>	<u>226.0</u>

Directors' emoluments⁽¹⁾

⁽¹⁾ All of the directors are remunerated by the Yildiz Group for their advisory services, which includes their directorships of the Company but which is not separately determinable from other services provided to the Yildiz Group. For the year ended 31 December 2022 amounts totalling £5.0m (2021: £2.9m) were payable by UMV Global Foods Holding Company Ltd to Yildiz Holding A.S. in respect of shareholder fees (provision of corporate governance services, including associated directors' services). It is not practical to separately identify the directors' remuneration element of this charge.

6 Operating profit (continued)

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

	2022	2021
	No.	No.
Manufacturing and production	4,346	4,892
Logistics and site service	665	701
Sales, marketing and administration	713	767
	5,724	6,360

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

	2022	2021
	£m	£m
Fees payable to the company's auditors for the audit of the company's and its subsidiaries' annual financial statements	0.6	0.5

No material additional fees were paid to the Company's auditors for services other than those listed above.

7 Interest receivable and other financial income

	2022	2021
	£m	£m
Interest income on bank deposits	0.4	0.3
Interest receivable from fellow group companies	(0.4)	-
Fair value movement swaps	4.0	7.6
Foreign exchange gain on borrowings	0.1	-
	4.1	7.9

8 Interest payable and other financial charges

	2022	2021
	£m	£m
Senior Facility and Note Purchase Agreements	27.2	30.9
Interest payable to fellow group company	20.9	17.9
Foreign exchange loss on borrowings	0.8	1.1
Finance lease costs	1.4	1.6
Other financial charges	-	1.5
	50.3	53.0

9 Tax

Tax is charged in the income statement as follows:

	2022 £m	2021 £m
Current income tax		
UK corporation tax	-	-
Foreign tax	(1.2)	(0.4)
Adjustments relating to prior years	-	-
Total current income tax	<u>(1.2)</u>	<u>(0.4)</u>
Deferred tax		
Origination and reversal of temporary differences	(8.3)	(13.6)
Changes in the corporation tax rate	-	(57.4)
Adjustments relating to prior years	(0.3)	(3.0)
Total deferred tax	<u>(8.6)</u>	<u>(74.0)</u>
Tax charge in the income statement	<u>(9.8)</u>	<u>(74.4)</u>

Tax relating to items credited to other comprehensive income is as follows:

	2022 £m	2021 £m
Deferred tax		
Items that will not be reclassified subsequently to profit or loss:		
Tax on defined benefit pension plan remeasurements	(14.2)	(9.7)
Tax on revaluation of property	2.2	(3.8)
	<u>(12.0)</u>	<u>(13.5)</u>
Items that may be reclassified subsequently to profit or loss:		
Tax on foreign exchange movements on brands	(1.1)	2.2
	<u>(1.1)</u>	<u>2.2</u>
Tax credit in the statement of comprehensive income	<u>(13.1)</u>	<u>(11.3)</u>

9 Tax (continued)

Reconciliation of the total tax charge

The tax charge in the income statement is reconciled below:

	2022	2021
	£m	£m
Profit before taxation	0.6	16.8
Tax charge at the statutory rate of 19% (2021: 19%)	(0.1)	(3.2)
Expenses not deductible for tax purposes	(6.7)	(2.4)
Group relief	2.1	(1.9)
Adjustments relating to prior years	(0.3)	(3.0)
Effect of overseas tax rates	(0.7)	(5.2)
Loss carried forward for which no deferred tax asset was recognised	(4.1)	(1.1)
Taxes losses utilised for which no deferred tax asset was recognised	-	(0.2)
Changes in the tax rate	-	(57.4)
Tax charge in the income statement	(9.8)	(74.4)

In the Finance Bill 2021, which was enacted on 24 May 2021, it was announced that the corporation tax rate would increase to 25% from 1 April 2023. The deferred tax assets are therefore calculated at a rate of 25% as they are expected to reverse after 1 April 2023.

In the Dutch Government Gazette published on 28 December 2018, it was announced that the corporate income tax rate in the Netherlands will decrease from 25% to 22.55% in 2020 and 20.5% in 2021. Accordingly, a rate of 20.5% has been applied to deferred tax assets and liabilities in the Netherlands.

Pursuant to the action plan released by the French Prime Minister in September 2017, the French CIT rate cuts will decrease from 28% to 26.5% in 2021 and 25% in 2022. Accordingly, a rate of 25% has been applied to deferred tax assets and liabilities in France.

Unrecognised tax losses

A deferred tax asset of approximately £246.9 million (2021: £238.3 million) has not been recognised on tax losses arising predominantly in India and the US and capital losses arising in the United Kingdom at 31 December 2022, as it is not anticipated that any of these losses will be able to be offset against profits arising in the foreseeable future or before they expire.

9 Tax (continued)

	2022 £m	2021 £m
Deferred tax		
Deferred tax assets		
Decelerated capital allowances	34.4	40.0
Pensions and retirement healthcare benefits	2.2	19.6
Other short-term temporary differences	-	0.4
Losses carried forward	18.7	21.4
Deferred tax asset	55.3	81.4
Deferred tax liability		
Intangible assets	321.3	319.5
Other short-term temporary differences	2.4	8.0
Deferred tax liability	323.7	327.5
Net deferred tax liability	268.4	246.1
Reflected in the balance sheet as follows:		
Deferred tax liability	268.4	246.1
	268.4	246.1
Deferred tax in the income statement		
Accelerated capital allowances	(6.5)	(6.5)
Other short term temporary differences	1.5	-
Pensions and retirement healthcare benefits	(3.3)	(7.1)
Prior year adjustment	(0.3)	(3.0)
Changes in the corporation tax rate	-	(57.4)
	(8.6)	(74.0)

Temporary differences associated with group investments

At 31 December 2022, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has determined that these undistributed profits will not be distributed in the near future. Overseas dividends received are exempt from UK corporation tax but may be subject to withholding tax. There are no temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised but for which a tax liability may arise.

10 Intangible assets

	Goodwill	Purchased Brands	Customer relationships	Computer Software	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2022	600.6	1,333.3	19.4	20.8	1,974.1
Additions	-	-	-	0.2	0.2
Exchange adjustments	(0.5)	4.1	6.6	0.6	10.8
At 31 December 2022	600.1	1,337.4	26.0	21.6	1,985.1
Accumulated amortisation and impairment					
At 1 January 2022	(125.0)	-	(5.0)	(7.8)	(137.8)
Amortisation charge for the year	-	-	(3.5)	(2.4)	(5.9)
Exchange adjustments	-	-	(0.7)	(0.5)	(1.2)
At 31 December 2022	(125.0)	-	(9.2)	(10.7)	(144.9)
Carrying value					
At 31 December 2022	475.1	1,337.4	16.8	10.9	1,840.2

	Goodwill	Purchased Brands	Customer relationships	Computer Software	Total
	£m	£m	£m	£m	£m
At 1 January 2021	605.1	1,340.4	19.4	19.8	1,984.7
Additions	-	-	-	5.0	5.0
Disposals	(2.6)	-	-	-	(2.6)
Transfers	-	-	-	(3.8)	(3.8)
Exchange adjustments	(1.9)	(7.1)	-	(0.2)	(9.2)
At 31 December 2021	600.6	1,333.3	19.4	20.8	1,974.1
Accumulated amortisation and impairment					
At 1 January 2021	(125.0)	-	(1.9)	(7.2)	(134.1)
Amortisation charge for the year	-	-	(3.1)	(0.8)	(3.9)
Exchange adjustments	-	-	-	0.2	0.2
At 31 December 2021	(125.0)	-	(5.0)	(7.8)	(137.8)
Carrying amount					
At 31 December 2021	475.6	1,333.3	14.4	13.0	1,836.3

The amortisation charge for computer software is reflected in the general and administrative expenses line of the income statement.

10 Intangible assets (continued)

The Group manufactures and markets a wide range of products under well-recognised brands including *McVitie's*, *Penguin*, *go Ahead!*, *McVitie's Jaffa Cakes*, *Jacob's*, *Jacob's Cream Crackers*, *Carr's*, *Twiglets*, *BN*, *Verkade*, *Sultana*, *Mini Cheddars*, *Flipz* and *Turtles*.

All purchased brands have been deemed to have indefinite useful lives as the Group believes that the value of these brands is maintained indefinitely. The factors that result in the indefinite useful lives of brands capitalised are:

- The Group expects to hold and support these brands for an indefinite period.
- The Group supports these brands through spending on consumer marketing and makes significant investment in promotional support.
- The brands operate in stable, large and profitable market sectors in which they have established market shares.

There are also no material legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of these intangibles.

Purchased brands are therefore not subject to amortisation but are tested at least annually for impairment.

Impairment of goodwill and intangible assets with indefinite lives

Goodwill and brands acquired through business combinations have been allocated for impairment purposes to the following three business units:

- UK
- International
- Northern Europe

These operating segments represent the lowest level within the Group at which goodwill and other intangible assets are monitored for internal management.

UK

The recoverable amount of the UK business unit has been determined based on a value in use calculation using cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The post-tax discount rate applied to the cash flow projections was 7.6% (2021: 6.1%), which is equivalent to a pre-tax WACC of 10.2% (2021: 8.1%). A short-term EBITDA growth rate of 3.4% to 5.4% (2021: 1.7%) was applied for each year modelled. A long-term EBITDA growth rate assumption of 1.7% (2021: 1.7%) was applied in perpetuity.

International

The recoverable amount of the Group's International business unit has been determined based on a value in use calculation using cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The post-tax discount rate applied to the cash flow projections was 8.7% (2021: 8.4%), which is equivalent to a pre-tax WACC of 12.1% (2021: 11.5%). Short-term EBITDA growth rate applied ranged from (9.3)% to 10.8% (2021: ranged from 16.2% to 20.8%) for each year modelled. A long-term EBITDA growth rate assumption of 3.0% (2021: 3.0%) was applied in perpetuity.

Northern Europe

The recoverable amount of the Group's Northern Europe business unit has been determined based on a value in use calculation using cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The post-tax discount rate applied to the cash flow projections was 7.7% (2021: 5.7%), which is equivalent to a pre-tax WACC of 10.3% (2021: 7.4%). Short-term EBITDA growth rates applied ranged from 21.6% to 44.9% (2021: (2.1)% to 2.3%) for each year modelled. A long-term EBITDA growth rate assumption of 2.0% (2021: 2.0%) was applied in perpetuity.

10 Intangible assets (continued)

The carrying amounts of goodwill and brands allocated to the Group's cash-generating units were as follows:

	2022 £m	2021 £m
Goodwill		
UK	334.9	334.9
International	109.8	109.4
Northern Europe	30.4	31.3
Total	475.1	475.6
Brands		
UK	1,241.0	1,241.0
International	35.7	34.1
Northern Europe	60.7	58.2
Total	1,337.4	1,333.3

Key assumptions applied to value in use calculations

Assumptions regarding future cash flows are based on actual results in prior periods, adjusted to reflect management's view of expected developments based upon market conditions. In particular, the 2020 budgeted cash flows, which form the basis for future year forecasts, were developed assuming growth in Northern Europe, UK and International. The cash flows used are post-tax cash flows and include all income and costs as well as an estimate of maintenance capital expenditure required to support these cash flows.

The calculation of value in use for the UK, Northern Europe and International business units is most sensitive to the following assumptions:

- *Discount rates* – these reflect management's assessment of the time value of money and the risks specific to the unit's assets, based on an appropriate Weighted Average Cost of Capital (WACC) anticipated for a market participant investing in the Group and determined using the Capital Asset Pricing Model, reflecting management's estimate of the specific risk profile associated with the cash flow projections.
- *EBITDA growth rates* – estimates are based on management's expectations of growth in the market where each cash-generating unit is located. The business units operate predominantly in stable, large and profitable market sectors where the Group's brands have proven longevity. Short-term forecasts are adjusted to reflect the Group's performance in the relevant market, be it growing or reducing.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to be less than the carrying value for its UK or International cash generating units.

If the recoverable value of its Northern Europe cash generating unit were to decrease by £20.6 million it would be below its carrying value. The change in assumptions required for this to happen would be either an increase in the discount rate of 0.9 percentage points or a decrease in the terminal year EBITDA projection of £1.6 million.

11 Property, plant and equipment

	Land & Buildings £m	Leasehold Improvement £m	Plant, Machinery & Vehicles £m	Fixtures & Fittings £m	Assets Under Construction £m	Total £m
Cost or valuation						
At 1 January 2022	181.8	7.5	357.3	10.7	34.6	591.9
Revaluation	(8.9)	-	-	-	-	(8.9)
Additions	0.6	0.5	8.0	0.9	29.0	39.0
Transfers	0.5	0.2	9.7	0.2	(10.6)	-
Disposals	(0.1)	(0.1)	(3.4)	-	-	(3.6)
Exchange adjustments	3.3	0.3	11.0	0.3	0.4	15.3
At 31 December 2022	177.2	8.4	382.6	12.1	53.4	633.7
depreciation						
At 1 January 2022	(31.3)	(3.4)	(174.2)	(1.0)	-	(209.9)
Charge for the year	(8.7)	(0.6)	(33.5)	(1.1)	-	(43.9)
Transfers	(0.5)	-	3.8	(3.3)	-	-
Disposals	0.1	0.1	3.3	-	-	3.5
Exchange adjustments	(1.5)	(0.1)	(7.5)	(0.3)	-	(9.4)
Impairment	(0.8)	-	(5.9)	-	-	(6.7)
At 31 December 2022	(42.7)	(4.0)	(214.0)	(5.7)	-	(266.4)
Net book value						
At 31 December 2022	134.5	4.4	168.6	6.4	53.4	367.3

	Land & Buildings £m	Leasehold Improvement £m	Plant, Machinery & Vehicles £m	Fixtures & Fittings £m	Assets Under Construction £m	Total £m
Cost or valuation						
At 1 January 2021	159.1	7.8	361.0	8.3	24.3	560.5
Remeasurement	-	-	0.3	-	-	0.3
Revaluation	15.2	-	-	-	-	15.2
Additions	11.5	0.3	10.0	4.6	15.9	42.3
Transfers	0.2	-	8.4	0.2	(5.0)	3.8
Disposals	(2.1)	-	(10.2)	(1.9)	-	(14.2)
Exchange adjustments	(2.1)	(0.6)	(12.2)	(0.5)	(0.6)	(16.0)
At 31 December 2021	181.8	7.5	357.3	10.7	34.6	591.9
depreciation						
At 1 January 2021	(26.8)	(2.9)	(156.0)	(1.9)	-	(187.6)
Charge for the year	(8.4)	(0.6)	(37.5)	(1.3)	-	(47.8)
Disposals	2.1	-	9.9	1.8	-	13.8
Exchange adjustments	1.8	0.1	9.4	0.4	-	11.7
At 31 December 2021	(31.3)	(3.4)	(174.2)	(1.0)	-	(209.9)
Net book value						
At 31 December 2021	150.5	4.1	183.1	9.7	34.6	382.0

11 Property, plant and equipment (continued)

With effect from 1 January 2017, the Group's freehold land and buildings have been stated at their revalued amounts, being their fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's freehold land and buildings as at 31 December 2022 was performed by an independent valuer, not related to the Group. The directors have assessed that there has been no material change as a result of this valuation.

At 31 December 2022, had the freehold land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been £113.2 million (2021: £120.4 million).

The revaluation surplus as at 31 December 2022 is £21.2 million, or £17.1 million net of tax (2021: £30.1 million; £23.8 million, net of tax).

Included in the additions above are additions relating to right-of-use assets as follows:

	2022	2021
	£m	£m
Land and buildings	-	7.5
Plant, machinery and vehicles	1.2	5.3
	<u>1.2</u>	<u>12.8</u>

Included in the depreciation charge above are charges relating to right-of-use assets as follows:

	2022	2021
	£m	£m
Land and buildings	4.5	4.4
Plant, machinery and vehicles	5.4	5.3
	<u>9.9</u>	<u>9.7</u>

Included in the net carrying value above are right-of-use assets as follows:

	2022	2021
	£m	£m
Land and buildings	17.6	20.7
Plant, machinery and vehicles	12.5	15.0
	<u>30.1</u>	<u>35.7</u>

Cashflows relating to leases are as follows:

	2022	2021
	£m	£m
Cash outflow relating to interest payments	1.4	1.7
Cash outflow pertaining to principal repayments	9.1	9.7
Total cash outflow	<u>10.5</u>	<u>11.4</u>

12 Investments

Details of Group undertakings

At 31 December 2022 all the subsidiaries were indirectly wholly owned, via ordinary shares, except where indicated.

Subsidiary	Country of incorporation and Operation	Registered address	Activity
UMV Global Foods Company Limited ⁽¹⁾	England	(**)	Holding Company
United Biscuits Topco Limited	England	(**)	Holding Company
StarBrands North America Inc	North America	10 Bank Street, White Plains NY 10606	Biscuit manufacturer
StarBrands Canada Inc	Canada	10 Bank Street, White Plains NY 10606	Trading Company
DeMets Candy Company Inc	North America	30 Buxton Farm Road, Stamford, Connecticut	Dormant company
United Biscuits Bondco Limited	England	(**)	Holding Company
United Biscuits VLNCo Limited	England	(**)	Holding Company
United Biscuits Holdco Limited	England	(**)	Holding Company
United Biscuits Holdco 2 Limited	England	(**)	Holding Company
United Biscuits Bidco Limited	England	(**)	Holding Company
Regentrealm Limited	England	(**)	Holding Company
Finalrealm Limited	England	(**)	Holding Company
United Biscuits (Holdings) Limited	Scotland	(***)	Holding Company
United Biscuits (Equity) Limited	Cayman Islands	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	Holding Company
United Biscuits Group (Investments) Ltd	England	(**)	Holding Company
Deluxestar Limited	England	(**)	Holding Company
Solvecorp Limited	England	(**)	Holding Company
Runecorp Limited	England	(**)	Holding Company
Burlington Biscuits (Cayman) Ltd	Cayman Islands	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	Holding Company
United Biscuits Finance Ltd	England	(**)	Holding Company
UB Overseas Limited	England	(**)	Holding Company
McVitie & Price Limited	Scotland	(***)	Holding Company
United Biscuits (UK) Limited ⁽¹⁾	England	(**)	Food manufacturer
PLDS Australia Pty Ltd	Australia	RSM Australia, Level 13, 60 Castlereagh Street, Sydney, NSW 2000	Trading Company
UB Humber Limited	England	(**)	Finance Company
UB Foods US Limited	England	(**)	Finance Company
United Biscuits Dutchco BV	Netherlands	Westzijde 103, 1506GA Zaandam	Holding Company
Koninklijke Verkade NV	Netherlands	Westzijde 103, 1506GA Zaandam	Biscuit manufacturer
United Biscuits France SAS	France	Route de Mortier, Vannerie, 44120 Vertou	Biscuit manufacturer
PLDS Europe B.V.	Netherlands	Westzijde 103, 1506GA Zaandam	Trading Company
pladis Spain S.L.	Spain	Travessera de Gracia, No 11, 5th floor, 08021, Barcelona, Spain	Trading Company
PLDS Belgium SPRL	Belgium	Box 204, 86C, Avenue Du Port, 1000 Brussels	Trading Company
United Biscuits (Pensions Trustees) Ltd	Scotland	(***)	Pension scheme trustee company
UB Investments Public Limited Company	Scotland	(***)	Holding Company
UB International Sales Ltd	England	(**)	Holding Company

12 Investments (continued)

Subsidiary	Country of incorporation and Operation	Registered address	Activity
UB Snackfoods Ireland Ltd	Ireland	Exchange Place International Financial Services Centre, Dublin 1, D01 X8H2	Trading Company
United Biscuits Italy SRL	Italy	Viale Andrea Doria 48/A, Cap 20124, Milan	Trading Company
United Biscuits Germany GmbH	Germany	c/o BDO AG Wirtschaftsprüfungsgesellschaft, Landaubogen 10, 81373 München	Trading Company
UB Group Ltd	Scotland	(***)	Holding Company
Ross Young's Holdings Ltd	England	(**)	Holding Company
United Biscuits Nigeria Ltd	Nigeria	No. 70, Adetokunbo Ademola Street, Victoria Island, Lagos	Trading company
Taiwan United Biscuits Food Company Limited	Taiwan	27F., No.9, Songgao Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C)	Trading company
United Biscuits Cyprus Limited	Cyprus	Spyrou Kyprianou 20, Chapo Central, 3rd Floor, PC 1075, Nicosia	Holding company
United Biscuits Private Ltd	India	S-15A, 2nd Floor, Vasant Square Mall, Pocket V, Sector B, Vasant Kunj, New Delhi 110070	Biscuit manufacturer
A&P Foods Limited	Nigeria	No. 7, Henry Carr Street, Ikeja, Lagos	Biscuit manufacturer
United Biscuits Sverige AB	Sweden	PO Box 16285, 10325 Stockholm	Trading company
United Biscuits Trading (Shanghai) Co Limited PR China	China	Room 201, Building No. 7, 1428 Ting Wei Road, Jinshan District, Shanghai	Trading company
The Jacob's Bakery	England	(**)	Dormant company
pladis (UK) Limited (formerly UB Snacks Ltd)	England	(**)	Dormant company
UB (Biscuits) Ltd	England	(**)	Dormant company
Young's Chilled Foods Ltd	England	(**)	Dormant company
UB Bridgend Three Ltd	England	(**)	Dormant company
UB Bridgend Four Ltd	England	(**)	Dormant company
Glory Alliance Investment Ltd	BVI	OMC Chambers, PO Box 3152, Road Town, Tortola	Dormant company
The Derwent Valley Group Ltd	England	(**)	Dormant company
Titan Properties Ltd	Nigeria	76/94, Abeokuta Expressway, Agege, Dopemu, Lagos	Dormant company
Derwent Valley Foods Ltd	England	(**)	Dormant company
Derwent Valley (Sales) Ltd	England	(**)	Dormant company
The Quality of Life (NE) Ltd	England	(**)	Dormant company
The Quality of Life Ltd	England	(**)	Trading company
Sisterson Foods Ltd	England	(**)	Dormant company
Anglo-Oriental Foods Ltd	England	(**)	Dormant company
The Ultimate Snack Food Company Ltd	England	(**)	Dormant company
UB Investments (Netherlands) BV	Netherlands	Westzijde 103, 1506GA Zaandam	Dormant company
United Biscuits Group Ltd	Scotland	(***)	Dormant company
UB Holdings Ltd	Scotland	(***)	Dormant company
McVitie's Ltd	England	(**)	Holding Company

12 Investments (continued)

Subsidiary	Country of Incorporation and Operation	Registered address	Activity
KP Foods Ltd	England	(**)	Dormant company
Meredith & Drew Ltd	England	(**)	Dormant company
UB York Ltd	England	(**)	Dormant company
United Biscuits (Lands) Ltd	Scotland	(***)	Dormant company
United Biscuits (Leasing) Ltd	Scotland	(***)	Dormant company
Watts Countrymade Foods Ltd	England	(**)	Dormant company
King Harry Foods Ltd	England	(**)	Dormant company
UB Securities (UK) Ltd	England	(**)	Dormant company
Cookie Kitchen Ltd	England	(**)	Dormant company
Moo-Cow Bakeries Ltd	England	(**)	Dormant company
UB Frozen Foods Ltd	Scotland	(***)	Dormant company
B Fox Ltd	England	(**)	Dormant company
United Biscuits (Agriculture) Ltd	England	(**)	Dormant company
United Biscuits (Properties) Ltd	Scotland	(***)	Dormant company
McFarlane Lang & Co Ltd	Scotland	(***)	Dormant company
William Crawford & Sons Ltd	Scotland	(***)	Dormant company
Kenyon Son & Craven Ltd	England	(**)	Dormant company
Peek, Frean & Co Ltd	England	(**)	Dormant company
Carr's of Carlisle Ltd	England	(**)	Dormant company
UB Snack Foods Ltd	England	(**)	Dormant company
UB Ltd	England	(**)	Dormant company
MBT Frozen Foods Ltd	England	(**)	Dormant company
King Frost Ltd	England	(**)	Dormant company
Ross Young's International Ltd	England	(**)	Dormant company
Phileas Fogg Ltd	England	(**)	Dormant company
The Monico in Piccadilly Ltd	England	(**)	Dormant company
UB Kitchens Ltd	England	(**)	Dormant company
The Jacob's Biscuit Company	England	(**)	Dormant company
Humber Bridge Motors Ltd	England	(**)	Dormant company
Moray Freezing & Cold Storage Company Ltd	Scotland	(***)	Dormant company
Chiltonian Ltd	England	(**)	Dormant company
Hills Road 5 Ltd	England	(**)	Dormant company
Forbes Simmers Ltd	Scotland	(***)	Dormant company

¹ UMV Global Foods Company Limited is directly owned by the company.

(*) Companies which are obligors under the Senior Facilities Agreement.

(**) The registered address of all companies incorporated in England and Wales is Building 3 Chiswick Park, 566 Chiswick High Road, Chiswick, W4 5YA.

(***) The registered address of all companies incorporated in Scotland is 50 Lothian Road, Festival Square, Edinburgh EH4 9BY.

13 Inventories

	2022	2021
	£m	£m
Raw materials and consumables	36.8	30.2
Work in progress	4.6	3.3
Finished goods	37.6	34.3
	79.0	67.8

There is no material difference between the replacement cost and historical cost of inventories.

Raw materials and consumables at 31 December 2022 included £nil (2021: £nil) in respect of consignment stock.

Inventories recognised as an expense during the year amounted to £631.7 million (2021: £593.0 million). The amount of inventories written down and recognised as an expense within operating profit during the year was £2.7 million (2021: £2.6 million).

14 Trade and other receivables

	2022	2021
	£m	£m
Trade receivables	78.4	95.1
Other receivables	18.4	10.1
Prepayments	29.9	19.3
Due from related parties	50.5	37.0
Other taxes and social security receivable	2.1	3.4
	179.3	164.9

Trade receivables are stated net of allowances for bad and doubtful debts of £4.2 million (2021: £3.1 million). The amount of receivables written down and recognised as an expense within operating profit during the year was £0.7 million (2021: £0.3m).

Trade and other receivables are all expected to be settled within one year. Trade receivables are non-interest bearing and represent an average of 21 days sales (2021: 25 days). The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Details of the Group's credit risk are set out in Note 18 (c).

Transfer of financial assets

During 2017, the Group entered into a receivables financing facility with a third-party bank in which the Group sells qualifying trade debtors to the bank. The facility had a 5 year term. Accordingly, the facility was renewed on 28th January 2022 for a further five year term. At year-end, the total trade debtors sold amounted to £111.4 million (2021: £110.9 million) for immediate cash proceeds of £100.3 million (2021: £99.8 million), received on a non-recourse basis, with a further £11.1 million (2021: £11.1 million) to be received on collection from the customer. The Group has retained credit risk on 5% of the balance transferred. Accordingly, the Group continues to recognise the full carrying amount of the debtors on which credit risk has been retained and has recognised a corresponding liability to the third-party bank for amounts that would be payable in the event of non-collection together with the fair value of the guarantee provided.

14 Trade and other receivables (continued)

At the end of the reporting period, the carrying amount of trade debtors that have been transferred but have not been derecognised amounted to £5.6 million (2021: £5.5 million), and the carrying amount of the associated liabilities is £5.6 million (2021: £5.5 million).

£11.1 million (2021: £11.1 million) of qualifying trade debtors remains on the balance sheet as only 90% (2021: 90%) is eligible for de-recognition.

15 Cash and cash equivalents

	2022 £m	2021 £m
Cash in hand	-	0.1
Cash in bank	191.7	203.1
	<u>191.7</u>	<u>203.2</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents at 31 December 2022 was £191.7 million (2021: £203.2 million).

16 Trade and other payables

	2022 £m	2021 £m
Trade payables	303.0	270.7
Employee-related payables	33.2	33.0
Accruals	43.5	39.1
Due to other related parties	-	10.0
Total	<u>379.7</u>	<u>352.8</u>

Trade and other payables are non-interest bearing, unsecured and are settled in accordance with contractual payment terms. The directors consider that the carrying amount of trade payables approximates to their fair value.

Employee-related payables includes other taxes and social security costs of £6.2 million (2021: £6.0 million).

17 Borrowings

	2022 £m	2021 £m
Current		
Senior facilities	4.0	570.3
Lease liabilities	8.6	8.9
Other liabilities	2.8	2.8
Other borrowings	4.4	4.5
	20.7	595.5
Non-current		
Senior facilities	594.2	-
Lease liabilities	21.0	28.4
Other liabilities	4.2	7.0
	619.4	35.4

Senior Facilities

To finance its acquisition by Yıldız Holding, the Group entered into a Senior Facilities Agreement in November 2014. This was subsequently refinanced in August 2017, comprising Facility A1 of £575.0m and a Revolving Credit Facility of £75.0m, with repayment due by August 2022.

In January 2022, the Group refinanced, repaid this facility and entered into the following:

- a new Senior Facilities Agreement with a syndicate of banks. The facilities are unsecured and comprise a Term Facility of £300 million and a Revolving Facility of £100 million. Repayment is due five years from the date of the Agreement.
- a US private placement comprising a £300m Note Purchase Agreement. These Notes are unsecured with a 12-year duration at a fixed rate of 2.64% and ranks pari passu with the senior facilities.

Both the Senior Facilities Agreement and the Note Purchase Agreement require, as a financial covenant, the adherence to a maximum leverage ratio (defined as Net Debt to EBITDA).

Net debt comprises the senior facilities, the Note Purchase Agreement, finance lease obligations and other loans less cash and cash equivalents. At the end of 2022 the net debt outstanding was £448.4 million (2021: £427.7 million).

Details of the senior facilities amounts outstanding as at 31 December 2022 are set out below:

17 Borrowings (continued)

2022	Amortised Debt	Principal	Interest %	Type	Maturity
	£m	£m			
Current					
Interest accrual	4.9	4.9			
Non-current					
Note purchase agreement	300.0	300.0	Fixed 2.64	Bullet	31 January 2034
Term Loan	294.2	300.0	SONIA + 2.58	Bullet	25 January 2027
Total Term Loans	599.1	604.9			

2021	Amortised Debt	Principal	Interest %	Type	Maturity
	£m	£m			
Current					
Interest accrual	5.1	5.1			
Non-current					
Term Loan A1	574.2	575.0	LIBOR + 2.65	Bullet	30 August 2022
Total Term Loans	579.3	580.1			

Lease liabilities

The Company has leases for the offices, factories, warehouses and various vehicles forklifts and trailers. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 11).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2022 and 31 December 2021 were as follows:

17 Borrowings (continued)

	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
31 December 2022							
Lease payments	9.8	9.6	6.9	3.9	2.1	0.1	32.4
Finance charges	(1.2)	(0.8)	(0.5)	(0.2)	(0.1)	-	(2.8)
Net present values	8.6	8.8	6.4	3.7	2.0	0.1	29.6

	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
31 December 2021							
Lease payments	10.4	9.5	8.3	6.9	3.9	2.5	41.5
Finance charges	(1.5)	(1.1)	(0.8)	(0.5)	(0.2)	(0.1)	(4.2)
Net present values	8.9	8.4	7.5	6.4	3.7	2.4	37.3

Lease payments not recognised as a liability

The company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2022	2021
	£m	£m
Short-term leases	1.0	0.6
	1.0	0.6

Variable lease payments expensed on the basis that they are not recognised as a lease liability include rentals based on revenue from the use of the underlying asset and excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

Revolving Credit Facility of £100 million (2021: £75 million)

The Group has access to a £100 million (2021: £75 million) Revolving Credit Facility under the Senior Facilities Agreement entered into by UMV Global Foods Company Limited in January 2022. This facility may be used for general corporate purposes to finance working capital requirements, to refinance indebtedness of the Group and to pay associated fees, costs and expenses. The facility allows for revolving advances, the provision of ancillary facilities to cover the day to day banking requirements of subsidiary companies, and the issuance of letters of credit and bank guarantees up to an aggregate amount of £100 million (2021: £75 million) outstanding at any time. Each advance made under the revolving facility must be repaid on the last day of the interest period relating to it, although amounts are available to be re-borrowed immediately, subject to the maximum limit available under the facility.

17 Borrowings (continued)

At 31 December 2022, and following the refinancing of the Senior Facilities agreement during the year, no amount (2021: £13.0 million) of the Revolving Credit Facility had been arranged as ancillary facilities under the revolving facility.

In addition to the amounts outlined above, there were bank guarantees outstanding of £0.8 million at 31 December 2022 (2021: £1.0 million).

The Senior Facilities Agreement requires the Group to comply with certain financial covenants on a semi-annual basis. The financial covenant requires the adherence to a maximum leverage ratio (defined as Net Debt to EBITDA). The Group complied with its financial covenants tests during the years ended 31 December 2022 and 2021.

Capital management

The Group's objectives when managing capital are to maximise shareholder value while safeguarding the Group's ability to continue as a going concern. The Group intends to continue proactively managing its capital structure whilst maintaining flexibility to take advantage of opportunities, which arise, to grow its business.

Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt. Net debt is calculated as total borrowings, as shown in the consolidated balance sheet, less cash and cash equivalents. The loan from a fellow subsidiary, discussed in Note 23, is excluded from the Group's definition of net debt since it will be settled in the event of change of ownership of the business.

18 Financial instruments

Financial risk management

The Group is exposed to a variety of financial risks through its activities. Group Treasury identifies, evaluates and hedges financial risks, working closely with the Group's operating units, ensuring that critical controls exist and are operating correctly. Written policies provide the framework for the management of the Group's financial risks, and provide specific guidance on areas such as foreign exchange risk.

All derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. At the period end, the fair value of foreign exchange forward contracts is calculated using forward exchange market rates at the balance sheet date. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The fair value of commodity hedges is determined by reference to the market values of the commodities traded on the London International Financial Futures Exchange ("LIFFE") and Marché à Terme International de France (MATIF) at the balance sheet date.

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements by currency.

18 Financial instruments (continued)

2022	Carrying Value £m	Fair Value £m	USD £m	EURO £m	GBP £m	Other £m
Financial assets - amortised cost						
Cash and short-term deposits	191.7	191.7	21.5	23.1	132.0	15.1
Trade receivables	78.4	78.4	26.4	18.6	24.8	8.6
Other receivables	18.4	18.4	0.6	2.5	13.5	1.8
Due from related parties	50.5	50.5	-	-	50.5	-
	<u>339.0</u>	<u>339.0</u>	<u>48.5</u>	<u>44.2</u>	<u>220.8</u>	<u>25.5</u>
Derivative assets						
<i>Cash flow hedges:</i>						
Foreign currency forwards	3.1	3.1	1.7	1.4	-	-
<i>Fair value through P&L instruments:</i>						
Interest rate swaps	4.0	4.0	-	-	4.0	-
Foreign currency forwards	0.4	0.4	0.4	-	-	-
	<u>7.5</u>	<u>7.5</u>	<u>2.1</u>	<u>1.4</u>	<u>4.0</u>	<u>-</u>
<i>Of which:</i>						
Current assets	7.5	7.5				
Non-current assets	-	-				
	<u>7.5</u>	<u>7.5</u>				
Financial liabilities - amortised cost						
Trade payables	303.0	303.0	55.9	44.4	191.0	11.7
Other payables	43.5	43.5	2.0	8.4	23.2	9.9
Amounts due to fellow group company	263.9	263.9	27.4	-	235.9	0.6
Loans and borrowings	640.1	640.1	1.6	0.9	633.0	4.6
	<u>1,250.5</u>	<u>1,250.5</u>	<u>86.9</u>	<u>53.7</u>	<u>1,083.1</u>	<u>26.8</u>
Derivative liabilities						
<i>Cash flow hedges:</i>						
Foreign currency forwards	1.4	1.4	1.3	-	-	0.1
<i>FV through P&L instruments:</i>						
Foreign currency forwards	1.1	1.1	0.3	0.8	-	-
Commodity hedge	0.6	0.6	-	-	0.6	-
	<u>3.1</u>	<u>3.1</u>	<u>1.6</u>	<u>0.8</u>	<u>0.6</u>	<u>0.1</u>
<i>Of which:</i>						
Current liabilities	3.1	3.1				
Non-current liabilities	-	-				
	<u>3.1</u>	<u>3.1</u>				

18 Financial instruments (continued)

2021	Carrying Value £m	Fair Value £m	USD £m	EURO £m	GBP £m	Other £m
Financial assets - amortised cost						
Cash and short-term deposits	203.2	203.2	23.8	25.7	137.4	16.3
Trade receivables	95.1	95.1	23.1	23.1	36.3	12.6
Other receivables	10.1	10.1	0.3	1.4	6.7	1.7
Due from related parties	37.0	37.0	-	-	37.0	-
	<u>345.4</u>	<u>345.4</u>	<u>47.2</u>	<u>50.2</u>	<u>217.4</u>	<u>30.6</u>
Derivative assets						
Commodity swaps	2.3	2.3	-	-	2.3	-
<i>Cash flow hedges</i>						
Foreign currency forwards	1.0	1.0	0.5	0.1	-	0.4
	<u>3.3</u>	<u>3.3</u>	<u>0.5</u>	<u>0.1</u>	<u>2.3</u>	<u>0.4</u>
Of which:						
Current assets	3.3	3.3				
Non-current assets	-	-				
	<u>3.3</u>	<u>3.3</u>				
Financial liabilities - amortised cost						
Trade payables	270.7	270.7	23.4	27.4	214.7	5.2
Other payables	39.1	39.1	1.3	8.3	19.5	10.0
Amounts due to fellow group company	257.3	257.3	22.8	-	234.0	0.5
Loans and borrowings	630.9	630.9	1.5	1.5	623.0	4.9
	<u>1,198.0</u>	<u>1,198.0</u>	<u>49.0</u>	<u>37.2</u>	<u>1,091.2</u>	<u>20.6</u>
Derivative liabilities						
<i>Cash flow hedges</i>						
Foreign currency forwards	0.3	0.3	0.1	0.2	-	-
<i>Other:</i>						
Foreign currency forwards	0.3	0.3	-	0.3	-	-
	<u>0.6</u>	<u>0.6</u>	<u>0.1</u>	<u>0.5</u>	<u>-</u>	<u>-</u>
Of which:						
Current liabilities	0.6	0.6				
Non-current liabilities	-	-				
	<u>0.6</u>	<u>0.6</u>				

18 Financial instruments (continued)

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and commodity forward contracts and these are level 2 fair value estimates. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity. The credit quality of the counterparties and the impact of own credit risk are considered and adjusted for when deemed necessary. The changes in counterparty and own credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised as fair value.

There are no material differences between fair value and book value on any other financial instruments except for loans and borrowings.

Fair value hierarchy

In accordance with IFRS 13 *Fair Value Measurement*, financial instruments which are carried at fair value in the balance sheet are analysed as level 1, 2, or 3. The Group classified all derivatives carried at fair value as level 2 financial instruments, as their fair value is determined based on techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. The freehold land and buildings fair value measurements are also level 2 as they are based on market price indices and actual observable transactions of similar assets.

a) Foreign exchange risk

Foreign currency risk arises from future commercial and financing transactions, recognising assets and liabilities denominated in a currency that is not the functional currency of the Group entity undertaking the transaction as well as from net investments in overseas entities. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar, the Euro, the Canadian dollar and the Australian dollar.

The Group's foreign exchange risk management policy is to hedge a proportion of its forecast net currency exposure. Group Treasury is responsible for managing foreign exchange risk arising from future commercial and financing transactions and recognised assets and liabilities usually by use of forward contracts.

The Group has a number of overseas subsidiaries whose net assets are subject to currency translation risk. The Group borrows in local currencies where appropriate to minimise the impact of this risk on the balance sheet.

Group policy requires Group companies to manage their foreign exchange risk against their functional currency. Where such exposure is material to the Group as a whole, then Group companies are required to hedge their foreign exchange exposure with Group Treasury. Group Treasury reviews these exposure reports on a regular basis. To manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted by Group Treasury.

18 Financial instruments (continued)

Cash flow hedges

At 31 December 2022, the Group held a number of forward foreign exchange contracts designated as hedges of highly probable forecast transactions. Forward foreign exchange contracts were accounted for as cash flow hedges. The forward contracts are taken out with up to twelve month maturity dates, at regular intervals throughout the year. Gains and losses recognised in other comprehensive income are included in the hedging reserve and will be released to the income statement at various dates within one year of the balance sheet date.

2022	Committed outstanding FX contracts	Average Rates	Average Rates	Average Rates	Average Rates
	£m	USD	EUR	EUR/USD	AUD
Euro	51.9	-	1.14	-	-
US Dollar	26.5	1.23	-	-	-
Other currencies	17.6	-	-	1.06	1.79
	<u>96.0</u>				

2021	£m	USD	EUR	EUR/USD	AUD
Euro	32.7	-	1.16	-	-
US Dollar	32.8	1.35	-	-	-
Other currencies	13.0	-	-	1.18	1.83
	<u>78.5</u>				

Sensitivity analysis

The table below presents a sensitivity analysis of the changes in carrying values of the Group's monetary assets and liabilities to reasonably possible weakening in sterling of market rates of foreign exchange.

	Impact on the income statement arising from:		Impact on reserves arising from:	
	10% weakening against US Dollar	10% weakening against Euro	10% weakening against US Dollar	10% weakening against Euro
2022	£m	£m	£m	£m
Cash and short-term deposits	2.4	2.6	-	-
Trade receivables	2.9	2.1	-	-
Trade payables	6.2	4.9	-	-
Loan and borrowings	-	0.1	-	-
Total	<u>11.5</u>	<u>9.7</u>	<u>-</u>	<u>-</u>

18 Financial instruments (continued)

	Impact on the income statement arising from:		Impact on reserves arising from:	
	10% weakening against US Dollar	10% weakening against Euro	10% weakening against US Dollar	10% weakening against Euro
2021	£m	£m	£m	£m
Cash and short-term deposits	2.6	2.9	-	-
Trade receivables	2.6	2.6	-	-
Trade payables	(2.6)	(3.0)	-	-
Total	2.6	2.5	-	-

The table below presents a sensitivity analysis of the changes in carrying values of the Group's monetary assets and liabilities to reasonably possible strengthening in sterling in market rates of foreign exchange.

	Impact on the income statement arising from:		Impact on reserves arising from:	
	10% strengthening against US Dollar	10% strengthening against Euro	10% strengthening against US Dollar	10% strengthening against Euro
2022	£m	£m	£m	£m
Cash and short-term deposits	(2.0)	(2.1)	-	-
Trade receivables	(2.4)	(1.7)	-	-
Trade payables	(5.1)	(4.0)	-	-
Loan and borrowings	-	(0.1)	-	-
Total	(9.5)	(7.9)	-	-

	Impact on the income statement arising from:		Impact on reserves arising from:	
	10% strengthening against US Dollar	10% strengthening against Euro	10% strengthening against US Dollar	10% strengthening against Euro
2021	£m	£m	£m	£m
Cash and short-term deposits	(2.2)	(2.3)	-	-
Trade receivables	(2.1)	(2.1)	-	-
Trade payables	2.1	2.5	-	-
Total	(2.2)	(1.9)	-	-

Derivative contracts are used for hedging trade balances and future currency flows and therefore there is no impact due to currency movement.

18 Financial instruments (continued)

(b) Interest rate risk

The Group is exposed to movements in interest rates from borrowings at variable rates. It is the Group's policy to maintain an appropriate balance between fixed and floating interest rates on borrowings in order to provide a level of certainty to interest expense and to reduce the impact of interest rate fluctuations. To achieve this, the Group entered into certain interest rate swaps that have the economic effect of converting floating rate debt to fixed rate debt, although from an accounting perspective, they were reflected as floating rate as there was no hedge relationship under IFRS 9.

The table below shows the effect of these on total fixed rate borrowings.

	Fixed rate borrowings £m	Effect of interest rate swaps £m	Effective fixed rate borrowings £m	Swap rate %
2022				
Sterling – fellow group company	263.9	-	-	-
Sterling – third parties	-	50.0	50.0	4.87
	<u>263.9</u>	<u>50.0</u>	<u>50.0</u>	

	Fixed rate borrowings £m	Effect of interest rate swaps £m	Effective fixed rate borrowings £m	Swap rate %
2021				
Sterling – fellow group company	257.3	-	-	-
	<u>257.3</u>	<u>-</u>	<u>-</u>	

The following table presents a sensitivity analysis of the changes in fair values of the Group's interest rate swaps and changes to the interest expense on unhedged borrowings from a 1% movement in interest rates. The effect of a 1% movement in interest rates on cash or cash equivalent would not be material.

	Increase in interest rates 2022 £m	Decrease in interest rates 2022 £m
Interest rate swaps (liabilities) ¹	0.5	(0.5)
Unhedged borrowings ¹	(2.5)	2.5

18 Financial instruments (continued)

	Increase in interest rates	Decrease in interest rates
	2021	2021
	£m	£m
Unhedged borrowings ¹	(6.3)	6.3

¹ Impact on the income statement

(c) Credit risk

Credit risk may arise because of non-performance by a counterparty. The Group is exposed to credit risk on its financial instruments including derivative assets and trade receivables. The Group's policy is for trade receivables to be subject to credit limits, close monitoring and approval procedures. The Group's policy to manage credit risk on derivative assets is to limit all derivative counterparties and cash transactions to high credit quality financial institutions. The Group is not exposed to concentration of credit risk on its derivative assets as these are spread over several financial institutions.

Due to its geographical base and the number and quality of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables.

Exposure to Credit risk

The carrying amount of financial assets represents the maximum credit exposure, therefore, the maximum credit exposure at the reporting date was:

	2022	2021
	£m	£m
Trade receivables	78.4	95.1
Total	<u>78.4</u>	<u>95.1</u>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2022	2021
	£m	£m
UK	23.9	30.7
Europe	18.8	25.5
Rest of the World	35.7	38.9
Total	<u>78.4</u>	<u>95.1</u>

18 Financial instruments (continued)

The ageing analysis of trade receivables at the reporting date was:

	2022	2021
	£m	£m
Not past due or impaired	38.4	52.7
Past due 0-30 days but not impaired	24.3	24.6
Past due more than 30 days but not impaired	19.9	20.9
Individually impaired	(4.2)	(3.1)
Total	78.4	95.1

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2022	2021
	£m	£m
Balance at the beginning of the year	3.1	2.7
On acquisition	-	-
Charge for the year	0.7	0.3
Unused amounts	0.4	-
Foreign exchange	-	0.1
Total	4.2	3.1

Based on the historic trend and expected performance of its customers, the Group believes that the above allowance for doubtful receivables sufficiently covers the risk of default.

The charge for the year of £0.7 million (2021: £0.3 million) reflects the change in credit risk assessment arising from the change in ageing in the period. The Group has no collateral in this respect.

(d) Liquidity risk

Liquidity risk arises when a company encounters difficulties to meet commitments associated with liabilities and other payment obligations. Such risk may result from inadequate market depth or disruption or refinancing problems.

The Group's objective is to manage liquidity risk through the availability of committed credit facilities and compliance with related financial covenants and by maintaining sufficient cash to meet obligations as they fall due.

18 Financial instruments (continued)

Contractual maturities

Details of the contractual maturities and associated undiscounted value at maturity of external borrowings, including estimated interest payments, are set out below:

	External borrowings £m	Trade Payables £m	Derivative liabilities £m	Total £m
2022				
Within one year or on demand	20.7	303.0	3.1	326.8
Between one and two years	11.6	-	-	11.6
Between two and three years	7.8	-	-	7.8
Between three and four years	3.6	-	-	3.6
Between four and five years	302.1	-	-	302.1
After five years	300.1	-	-	300.1
	<u>645.9</u>	<u>303.0</u>	<u>3.1</u>	<u>952.0</u>

	External borrowings £m	Trade Payables £m	Derivative liabilities £m	Total £m
2021				
Within one year or on demand	596.3	270.7	0.6	867.6
Between one and two years	11.2	-	-	11.2
Between two and three years	10.4	-	-	10.4
Between three and four years	7.8	-	-	7.8
Between four and five years	3.7	-	-	3.7
After five years	2.4	-	-	2.4
	<u>631.8</u>	<u>270.7</u>	<u>0.6</u>	<u>903.1</u>

Details of the contractual maturities and associated value at maturity of the fellow group company loan are set out below:

	Parent company loan £m
2022	
8% Interest due 2034*	<u>590.6</u>

18 Financial instruments (continued)

	Parent company loan £m
2021	
8% Interest due 2023	633.4

* During Quarter 1 2022, the maturity of this loan was extended from 2023 to 2034.

The following tables indicate the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur:

2022	Interest rate swaps		Forward exchange contracts	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Within one year or on demand	1.6	-	3.5	3.1
Between one and two years	1.5	-	-	-
More than two years	0.9	-	-	-
	4.0	-	3.5	3.1

2021	Interest rate swaps		Forward exchange contracts	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Within one year or on demand	-	-	1.0	0.3
Between one and two years	-	-	-	-
	-	-	1.0	0.3

(e) Commodity risk

The Group's activities expose it to the risk of changes in commodity prices. The Group's objective is to minimise the impact of volatility in commodity prices and seeks to cover its raw material requirements by taking out forward contracts to secure supplies at agreed prices.

Forward cover is taken in physical markets for periods of at least three months and typically would not exceed 24 months, although, in certain circumstances, this may be extended.

In the most volatile of the Group's commodity markets, fluctuating prices are hedged through the use of futures. Unrealised gains or losses at the year-end may not crystallise as they depend upon market movements between the year-end and the maturity dates of outstanding contracts. Providing a successful hedge relationship can be demonstrated, gains or losses that do materialise are charged to the Group's operating results when the raw ingredients which these contracts hedge are used. Contracts are settled immediately.

From time to time the Group also uses financial derivatives to protect future raw material prices by taking out options.

Cash flow hedges

The Group's cash flow hedges relate to commodity contracts and forward foreign exchange contracts.

An aggregate gain of £4.0 million (2021: gain of £13.9 million) relating to commodity and foreign exchange contracts was recognised directly in other comprehensive income during the year ended 31 December 2022. A gain of £20.0 million (2021: gain of 4.0 million) was transferred to the income statement in relation to cash flow hedges of which a gain of £15.6 million (2021: gain of £6.4 million) related to commodity contracts and was recognised in cost of goods sold and a gain of £4.4 million (2021: loss of £2.4 million) related to forward foreign exchange contracts was recognised in operating profit.

18 Financial instruments (continued)

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

2022	Non-cash movements						Closing Balance
	Opening Balance	Financing cash flows	FX Revaluation	Change in deferred debt issue cost	Interest Accrual	Additions	
	£m	£m	£m	£m	£m	£m	£m
Senior facilities and other borrowings (Note 17)	583.8	18.2	(0.1)	1.8	(0.2)	-	603.5
Finance lease obligations (Note 17)	37.3	(9.1)	-	-	1.4	-	29.6
Other liabilities (Note 17)	9.8	(2.8)	-	-	-	-	7.0
Loans from related parties (Note 23)	257.3	(22.1)	2.8	-	20.9	5.0	263.9
Total liabilities from financing activities	888.2	(15.8)	2.7	1.8	22.1	5.0	904.0

2021	Non-cash movements								Closing Balance
	Opening Balance	Financing cash flows	FX Revaluation	Change in deferred debt issue cost	Interest Accrual	Reclassification	Additions	Other IFRS movements	
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Senior facilities and other borrowings (Note 17)	582.9	(0.8)	0.2	1.4	0.1	-	-	-	583.8
Finance lease obligations (Note 17)	34.7	(0.4)	-	-	1.6	-	-	1.4	37.3
Other liabilities (Note 17)	16.4	(2.8)	-	-	-	(3.8)	-	-	9.8
Loans from related parties (Note 23)	246.2	(9.5)	0.1	-	18.3	-	2.2	-	257.3
Total liabilities from financing activities	880.2	(13.5)	0.3	1.4	20.0	(3.8)	2.2	1.4	888.2

The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

19 Provisions

	Rationalisation Provisions	Dilapidations Provision	Legal Provisions	Total
	£m	£m	£m	£m
At 1 January 2022	21.3	5.7	1.0	28.0
Income statement charge	27.3	-	-	27.3
Amounts utilised	(39.1)	-	-	(39.1)
Foreign exchange	0.3	-	-	0.3
At 31 December 2022	9.8	5.7	1.0	16.5
At 31 December 2022				
Current	9.8	-	-	9.8
Non-current	-	5.7	1.0	6.7
	9.8	5.7	1.0	16.5

	Rationalisation Provisions	Dilapidations Provision	Legal Provisions	Total
	£m	£m	£m	£m
At 1 January 2021	8.9	1.8	1.0	11.7
Additions	-	5.7	-	5.7
Income statement charge/(credit)	26.5	(0.7)	-	25.8
Amounts utilised	(13.7)	(1.1)	-	(14.8)
Foreign exchange	(0.4)	-	-	(0.4)
At 31 December 2021	21.3	5.7	1.0	28.0
At 31 December 2021				
Current	21.3	-	1.0	22.3
Non-current	-	5.7	-	5.7
	21.3	5.7	1.0	28.0

Provisions are recorded only where there is a legal or constructive obligation.

Rationalisation provisions principally comprise obligations in relation to overhead reduction and efficiency programmes across the Group. The provision is expected to be utilised within the next year.

Dilapidations provisions relate to the UK leased properties. All leases expire after more than one year.

20 Share capital, share premium and other reserves

Share capital

Ordinary shares authorised, issued and fully paid

	Number of shares
Ordinary shares of £1 Sterling each	<u>1,200,000,002</u>

	Number of shares	£
At 31 December 2022 and 31 December 2021	<u>1,200,000,002</u>	<u>1,200,000,002</u>

Share premium

At 31 December 2022 and 31 December 2021	<u>91,465,229</u>	<u>91,465,229</u>
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The company has one class of ordinary shares which carry no right to fixed income.

Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. As at 31 December 2022 the balance on the reserve amounted to a loss of £50.8 million (2021: loss of £61.7 million).

Hedging reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is deemed to be effective. As at 31 December 2022 the balance on the reserve was a loss of £2.6 million (2021: gain of £13.4 million).

Property revaluation reserves

The property revaluation reserve records the surplus arising over cost on the revaluation of freehold land and buildings. See Note 11.

21 Retirement benefit liability

The Group's defined benefit pension plans in the UK were closed to future accrual during the year. The plans were originally final salary schemes and were converted to career average revalued earnings (CARE) in the mid-2000's. The plans provide members with benefits in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their earnings. Pensions in payment are increased annually in line with the retail price index (RPI).

The majority of benefit payments are from trustee-administered funds, however, there is also an unfunded pension plan where the Group meets the benefit payment obligation as it falls due.

Trustees are appointed to operate the funded plans in accordance with their respective governing documents and pensions law. The plans meet the legal requirement for member nominated trustee representation on the trustee boards. The members of the trustee boards undertake regular training and development to ensure that they are equipped appropriately to fulfil their function as trustees. In addition, each trustee board has appointed professional advisers to provide the specialist expertise they need to support them in the areas of investment, funding, legal, covenant and administration. The trustee boards meet at least four times a year to conduct their business. The plans invest through investment managers appointed by the trustees in a broad range of assets to support the security and funding of their pension obligations.

All of the Group's defined benefit plans are closed to future accrual and membership of a defined contribution plan is available for employees.

The Group has unfunded arrangements as follows: additional UK post-retirement benefits for certain senior managers; post-retirement healthcare benefits for certain employees in the Netherlands, and employees in France are entitled to a lump sum payment on retirement, indemnité de départ en retraite ("IDR").

The Group's retirement benefit liabilities, comprised the following:

	2022 £m	2021 £m
UK		
Pension – Funded		
UBUK	159.6	180.5
Jacob's Bakery	17.5	12.0
Pension – Unfunded	(19.0)	(27.5)
	158.1	165.0
IFRIC 14 adjustment for minimum funding requirement/asset ceiling	(159.6)	(236.3)
Total UK Schemes	(1.5)	(71.3)
France		
IDR – Unfunded	(1.9)	(2.5)
Netherlands		
Post-retirement healthcare scheme – Unfunded	(0.9)	(1.1)
A&P Foods Nigeria		
Pension scheme – Unfunded	(0.8)	(0.1)
Post-retirement benefit liability	(5.1)	(75.0)

The total amount relating to pensions recognised in operating profit for the year ended 31 December 2022 was £17.1 million (2021: £17.7 million), of which £10.7 million (2021: £10.0 million) related to defined contribution plans. Following the closure of the defined benefit schemes during 2021, affected employees were able to join the Company's stakeholder scheme (defined contribution).

21 Retirement benefit liability (continued)

The total amount relating to IDR recognised in operating profit for the year ended 31 December 2022 was £0.2 million (2021: £nil).

The Netherlands post-retirement benefit healthcare scheme is closed to current employees, therefore no annual service cost is charged in the income statement.

The assets and liabilities of the schemes and the net post-retirement obligations were:

	Pension	IDR	Healthcare	A&P Foods	Total
	£m	£m	£m	£m	£m
At 31 December 2022					
<i>Assets with a quoted market price</i>					
Equities	216.8	-	-	-	216.8
Bonds	111.1	-	-	-	111.1
Hedge funds, currency and infrastructure	734.4	-	-	-	734.4
Cash	132.4	-	-	-	132.4
<i>Assets not quoted in an active market</i>					
Property, infrastructure and hedge funds	403.6	-	-	-	403.6
Total market value of assets	1,598.3	-	-	-	1,598.3
Present value of scheme liabilities	(1,440.2)	(1.9)	(0.9)	(0.8)	(1,443.8)
Surplus/(Deficit) in the scheme	158.1	(1.9)	(0.9)	(0.8)	154.5
Additional liability due to minimum funding requirements	(159.6)	-	-	-	(159.6)
Net Pension Deficit	(1.5)	(1.9)	(0.9)	(0.8)	(5.1)

	Pension	IDR	Healthcare	A&P Foods	Total
	£m	£m	£m	£m	£m
At 31 December 2021					
<i>Assets with a quoted market price</i>					
Equities	377.9	-	-	-	377.9
Bonds	291.3	-	-	-	291.3
Hedge funds, currency and infrastructure	326.6	-	-	-	326.6
Cash	109.6	-	-	-	109.6
<i>Assets not quoted in an active market</i>					
Property, infrastructure and hedge funds	1,332.7	-	-	-	1,332.7
Total market value of assets	2,438.1	-	-	-	2,438.1
Present value of scheme liabilities	(2,273.1)	(2.5)	(1.1)	(0.1)	(2,276.8)
Surplus/(Deficit) in the scheme	165.0	(2.5)	(1.1)	(0.1)	161.3
Additional liability due to minimum funding requirements	(236.3)	-	-	-	(236.3)
Net Pension Deficit	(71.3)	(2.5)	(1.1)	(0.1)	(75.0)

21 Retirement benefit liability (continued)

	Pension £m	IDR £m	Healthcare £m	A&P Foods £m	Total £m
2022					
<i>Income statement</i>					
Current service cost ⁽¹⁾	-	(0.2)	-	(0.1)	(0.3)
Scheme administration costs	(4.0)	-	-	-	(4.0)
Company administration costs	(2.4)	-	-	-	(2.4)
<i>Included in operating profit</i>	<u>(6.4)</u>	<u>(0.2)</u>	<u>-</u>	<u>(0.1)</u>	<u>(6.7)</u>
 Net interest expense	 (1.0)	 -	 -	 -	 (1.0)
<i>Other finance income – pensions</i>	<u>(1.0)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1.0)</u>
 Statement of other comprehensive income					
Return on plan assets excluding amounts included in interest expense	(789.2)	-	-	-	(789.2)
Experience losses on scheme liabilities	(40.8)	-	-	-	(40.8)
IFRIC 14 minimum funding adjustment	56.6	-	-	-	56.6
Elimination of pension surplus due to IFRIC 14	24.4	-	-	-	24.4
Actuarial losses due to changes in financial assumptions	805.6	0.5	(0.1)	(0.5)	805.5
Actuarial gains due to changes in demographic assumptions	0.2	-	-	-	0.2
Remeasurement losses recognised in the statement of other comprehensive income	<u>56.8</u>	<u>0.5</u>	<u>(0.1)</u>	<u>(0.5)</u>	<u>56.7</u>

The Group's schemes have not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

The amounts recognised in the consolidated income statement and in the consolidated statement of comprehensive income in respect of defined benefit pensions and post-retirement healthcare are analysed below:

21 Retirement benefit liability (continued)

	Pension £m	IDR £m	Healthcare £m	A&P Foods £m	Total £m
2021					
Income statement					
Current service cost ⁽¹⁾	(2.8)	(0.2)	-	-	(3.0)
Past service cost	1.0	-	-	-	1.0
Scheme administration costs	(3.7)	-	-	-	(3.7)
Company administration costs	(2.0)	-	-	-	(2.0)
Operating profit	(7.5)	(0.2)	-	-	(7.7)
Net interest on adjustment in respect to minimum funding requirement	(1.7)	-	-	-	(1.7)
Net interest expense	(0.1)	-	-	-	(0.1)
Other finance income – pensions	(1.8)	-	-	-	(1.8)
Statement of other comprehensive income					
Return on plan assets excluding amounts included in interest expense	83.8	-	-	-	83.8
Experience losses on scheme liabilities	4.1	-	-	-	4.1
IFRIC 14 minimum funding adjustment	78.8	-	-	-	78.8
Elimination of pension surplus due to IFRIC 14	(180.5)	-	-	-	(180.5)
Actuarial losses due to changes in financial assumptions	61.7	0.9	-	-	62.6
Actuarial gains due to changes in demographic assumptions	18.9	-	-	-	18.9
Remeasurement losses recognised in the statement of other comprehensive income	66.8	0.9	-	-	67.7

⁽¹⁾ Costs are recognised in cost of goods sold, distribution and marketing expenses and general and administrative expenses.

Valuation

Valuations are prepared, at each balance sheet date, by independent qualified actuaries using the projected unit credit method. Where funded, scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying forecasts to each category of scheme assets.

Key assumptions
(a) Pensions

	2022 %	2021 %
Rate of increase of pensions in payment	3.00	3.10
Discount rate	4.80	1.95
Inflation	3.25	3.20

21 Retirement benefit liability (continued)

The average life expectancy assumed for the UBUK plan for a current male pensioner aged 65 is 21.4 years (2021: 21.3 years) and for a current female pensioner aged 65 is 23.3 years (2021: 23.3 years); for a future male pensioner aged 65 in 2042 it is 22.4 years (2021: 22.3 years) and for a future female pensioner aged 65 in 2042 it is 24.5 years (2021: 24.5 years).

The weighted average duration of the schemes is approximately 15 years.

Acting on the advice of the Group's actuaries, future contributions payable are set at levels that take account of surpluses and deficits.

Contributions of up to approximately £30.0 million per annum may be made to eliminate the deficit in the UK defined benefit plans on a funding basis. The total contributions to the Company's defined benefit plans in 2023 are expected to be approximately £20.0 million (2022: £30.0 million), following the closure of the schemes to future accrual and the increased funding level.

(b) Post-retirement healthcare

	2022	2021
	%	%
Discount rate	3.10	0.30
Inflation	2.00	0.00
Rate of increase in healthcare costs	2.00	0.00

(c) IDR

	2022	2021
	%	%
Discount rate	3.50	0.90
Salary increase	3.00	2.50

Sensitivity Analysis

If the discount rate were to decrease by 0.1% without changing any other assumptions the total pension defined benefit surplus would decrease by approximately £20.3 million (2021: £39.4 million increase to defined benefit obligation).

If the inflation rate were to increase by 0.1% without changing any other assumptions the total pension defined benefit surplus would decrease by approximately £14.6 million (2021: £28.4 million increase to defined benefit obligation).

If the life expectancy were to increase by 1 year without changing any other assumptions the total pension defined benefit surplus would decrease by approximately £66.5 million (2021: £128.5 million increase to defined benefit obligation).

If the discount rate were to increase by 0.1% without changing any other assumptions the total pension defined benefit surplus would increase by approximately £19.7 million (2021: £38.8 million decrease to defined benefit obligation).

If the inflation rate were to decrease by 0.1% without changing any other assumptions the total pension defined benefit surplus would increase by approximately £14.2 million (2021: £28.4 million decrease to defined benefit obligation).

If the life expectancy were to decrease by 1 year without changing any other assumptions the total pension defined benefit surplus would increase by approximately £66.3 million (2021: £127.5 million decrease to defined benefit obligation).

21 Retirement benefit liability (continued)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	Pension	IDR	Healthcare	A&P	Total
	£m	£m	£m	£m	£m
As at 1 January 2022	2,273.1	2.5	1.1	0.1	2,276.8
Current service cost	-	0.2	-	0.1	0.3
Interest cost	41.4	-	-	-	41.4
Benefits paid	(109.7)	(0.4)	(0.1)	-	(110.2)
Experience losses on scheme liabilities	40.8	-	-	-	40.8
Actuarial losses due to changes in financial assumptions	(805.6)	(0.5)	0.1	0.5	(805.5)
Actuarial gains due to changes in demographic assumptions	0.2	-	-	-	0.2
Foreign exchange	-	0.1	(0.2)	0.1	-
As at 31 December 2022	1,440.2	1.9	0.9	0.8	1,443.8

	Pension	IDR	Healthcare	A&P	Total
	£m	£m	£m	£m	£m
As at 1 January 2021	2,418.6	3.5	1.4	0.1	2,423.6
Current service cost	2.8	0.2	-	-	3.0
Past service cost	(1.0)	-	-	-	(1.0)
Interest cost	28.4	-	-	-	28.4
Benefits paid	(91.0)	(0.2)	(0.1)	-	(91.3)
Experience losses on scheme liabilities	(4.1)	-	-	-	(4.1)
Actuarial losses due to changes in financial assumptions	(61.7)	(0.9)	-	-	(62.6)
Actuarial gains due to changes in demographic assumptions	(18.9)	-	-	-	(18.9)
Foreign exchange	-	(0.1)	(0.2)	-	(0.3)
As at 31 December 2021	2,273.1	2.5	1.1	0.1	2,276.8

The defined benefit obligation comprises £1,421.2 million (2021: £2,245.6 million) arising from funded plans and £22.6 million (2021: £31.2 million) from plans or arrangements that are unfunded.

Changes in the value of the defined benefit pension assets are analysed as follows:

21 Retirement benefit liability (continued)

	Total £m
As at 1 January 2022	2,438.1
Interest income	44.6
Employer contributions	17.4
Benefits paid	(108.6)
Administration expenses	(4.0)
Return on plan assets excluding amounts included in interest income	(789.2)
As at 31 December 2022	<u>1,598.3</u>

	Total £m
As at 1 January 2021	2,385.3
Interest income	28.3
Employer contributions	34.7
Benefits paid	(90.3)
Administration expenses	(3.7)
Return on plan assets excluding amounts included in interest income	83.8
As at 31 December 2021	<u>2,438.1</u>

22 Financial commitments

The Group's financial commitments in respect of retirement benefits are set out in Note 21. The Group's financial commitments in respect of capital expenditure and commitments are summarised below.

As at 31 December 2022 and 31 December 2021 the Group's financial commitments in respect of capital expenditure are summarised below:

	2022 £m	2021 £m
Contracted capital expenditure	<u>2.5</u>	<u>8.8</u>

Future minimum commitments for property, plant and equipment under non-cancellable operating leases are as follows:

	2022 £m	2021 £m
Not later than one year	1.0	1.2
Later than one year but not later than five years	1.6	0.5
	<u>2.6</u>	<u>1.7</u>

Future minimum commitments for 2021 and 2022 solely to short-term leases which are exempt from IFRS 16.

The Senior Facilities Agreement entered into on 25 January 2022, and the Note Purchase Agreement entered into on 31st January 2022, both place certain restrictions on paying dividends and making other capital distributions (including shareholder loan repayments) where the Group's leverage ratio is above a certain level. Where leverage is below the relevant level, distributions of capital may be made provided that, after giving effect to such payment, the leverage shall not be greater than the agreed level.

23 Related party disclosures

Except as otherwise disclosed in these financial statements, there have been no transactions with related parties, which were material either to the Group or the counterparty and which are required to be disclosed under the provisions of IAS 24 "Related Party Disclosures".

Amounts due to parent company

Amounts due by the Group to pladis Foods Limited and other related parties were as follows:

	2022 £m	2021 £m
Loan	88.3	87.6
Accrued interest	175.6	169.7
	<u>263.9</u>	<u>257.3</u>

The above loan bears interest at 8% per annum and is repayable in 2034.

Purchase and sales transactions

Transactions with related parties are listed below:

	2022 £m	2021 £m
Yıldız Holdings A.S. and its subsidiaries		
Sales	5.1	1.4
Purchases	7.6	5.8
Ulker Bisküvi Sanayi ve Ticaret A.S. and its subsidiaries		
Sales	18.7	13.9
Purchases	1.8	-

Receivables and payables

Transactions with related parties are listed below. With the exception of those noted below, these are non-interest bearing and repayable on demand:

	2022 £m	2021 £m
Yıldız Holdings A.S. and its subsidiaries		
Receivable	15.8	4.1
Payable	3.4	2.7
pladis Foods Limited		
Receivable	11.3	11.3
Ulker Bisküvi Sanayi ve Ticaret A.S. and its subsidiaries		
Receivable	4.9	4.3
Payable	1.1	0.4

23 Related party disclosures (continued)

Short-term employee benefits paid to key management personnel, including directors, for the year ended 31 December 2022 totalled £12.8 million (2021: £11.4 million), which includes termination benefits of £nil (2021: £nil).

Other

Shareholder fees totalling £5.0 million (2021: £2.9 million) were payable by the Group to Yıldız Holding A.S. for the year ended 31 December 2022. These fees are payable in respect of the provision of corporate governance services, including directors' services.

24 Events after the balance sheet date

There were no post balance sheet events.

25 Ultimate parent company

In the directors' opinion, the Company's ultimate parent undertaking as at 31 December 2022 was Yıldız Holding A.S., a company registered in Turkey. The ultimate controlling party is Mr Murat Ülker.

The immediate parent company is pladis Foods Limited, a company registered in England and Wales, United Kingdom whose registered office is Building 3 Chiswick Park, 566 Chiswick High Road, Chiswick, W4 5YA.

26 Subsidiaries exempt from audit

The following UK subsidiaries have taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2022.

Name	Registration number
Regentrealm Limited	3885120
Runecorp Limited	3876056
Sabourne Limited	3805192
Solvecorp Limited	3876059
United Biscuits Bidco Limited	5957644
United Biscuits Bondco Limited	5957937
UB Group Limited	SC064218
United Biscuits Holdco Limited	5957557
United Biscuits Holdco 2 Limited	5957575
UB Overseas Limited	1496587
United Biscuits Topco Limited	5957921
United Biscuits VLNco Limited	5957556

UMV Global Foods Holding Company Ltd Parent Company Financial Statements

For the year ended 31 December 2022

UMV Global Foods Holding Company Ltd

Parent Company Financial Statements

Income statement

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Operating result before interest and tax	4	-	-
Interest receivable and other income	5	3.8	3.5
Interest payable and similar expenses	6	(19.7)	(17.4)
Loss before taxation		(15.9)	(13.9)
Tax on loss	7	-	-
Loss for the financial year		(15.9)	(13.9)

All amounts relate to continuing activities.

During the current and preceding year there have been no other comprehensive income other than those recognised in the income statement and consequently no separate statement of comprehensive income is presented.

The notes on pages 91 - 94 form an integral part of these financial statements.

UMV Global Foods Holding Company Ltd

Parent Company Financial Statements


Balance sheet

As at 31 December 2022

	Note	2022 £m	2021 £m
Non-current assets			
Investments	8	1,291.5	1,291.5
		<u>1,291.5</u>	<u>1,291.5</u>
Debtors: amounts falling due after more than one year			
Amounts owed by group undertakings		36.0	47.1
Net current assets		<u>36.0</u>	<u>47.1</u>
Total assets less current liabilities		<u>1,327.5</u>	<u>1,338.6</u>
Creditors: amounts falling due after more than one year			
Amounts owed to group undertakings		(231.8)	(227.0)
		<u>(231.8)</u>	<u>(227.0)</u>
Net assets		<u>1,095.7</u>	<u>1,111.6</u>
Capital and reserves			
Called up share capital	9	1,200.0	1,200.0
Share premium	9	91.5	91.5
Accumulated loss		(195.8)	(179.9)
Total equity		<u>1,095.7</u>	<u>1,111.6</u>

The notes on pages 91 - 94 form an integral part of these financial statements.

The financial statements of UMV Global Foods Holding Company Ltd (registered number 09289015) on pages 88 - 94 were approved by the Board and signed on its behalf on 27 April 2023.



Ahmed Salman Amin

Director

UMV Global Foods Holding Company Ltd*Parent Company Financial Statements***Statement of changes in equity**

For the year ended 31 December 2022

Equity attributable to equity holders of the Company

	Share Capital £m	Share Premium £m	Accumulated Loss £m	Total Equity £m
At 1 January 2022	1,200.0	91.5	(179.9)	1,111.6
Loss for the financial year	-	-	(15.9)	(15.9)
At 31 December 2022	1,200.0	91.5	(195.8)	1,095.7

For the year ended 31 December 2021

Equity attributable to equity holders of the Company

	Share Capital £m	Share Premium £m	Accumulated Loss £m	Total Equity £m
At 1 January 2021	1,200.0	91.5	(166.0)	1,125.5
Loss for the financial year	-	-	(13.9)	(13.9)
At 31 December 2021	1,200.0	91.5	(179.9)	1,111.6

The notes on pages 91 - 94 form an integral part of these financial statements.

UMV Global Foods Holding Company Ltd

Parent Company Financial Statements

1 Authorisation of financial statements

The financial statements of UMV Global Foods Holding Company Ltd (the "Company") on pages 88 to 94 for the year ended 31 December 2022 were authorised for issue by the board of directors on 27 April 2023 and the balance sheet was signed on the Board's behalf by Ahmed Salman Amin. The Company is a private company limited by shares, registered, incorporated and domiciled in England and Wales, United Kingdom. Its registered office is stated on page 18.

2 Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable UK accounting standards.

Accounting policies have been applied consistently, other than where new policies have been adopted.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

- 1) the requirement to disclose new accounting standards not yet effective;
- 2) the requirement of IFRS 7 Financial Instruments: Disclosures;
- 3) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- 4) the requirements of paragraphs 10(d), 38A – 38D, 111 and 134 – 136 of IAS 1 Presentation of Financial Statements;
- 5) the requirements of IAS 7 Statement of Cash Flows;
- 6) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- 7) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements are prepared on the historical cost basis of accounting. The principal accounting policies adopted are set out below.

Significant accounting judgements, estimates, and assumptions

The preparation of the Company's financial statements in conformity with FRS 101 requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, ultimately actual results may differ from those estimates.

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date that has a significant risk of causing material adjustment within the next financial year arises in connection with the recoverability of intercompany receivables. Management judgement is necessary in assessing whether debtors are recoverable.

Investments

Investments are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

UMV Global Foods Holding Company Ltd

Parent Company Financial Statements

2 Accounting policies (continued)

Financial assets - initial recognition and measurement

The Company's financial assets are all classified as those to be measured at amortised cost.

This classification depends on our business model for managing the financial asset and the contractual terms of the cash flows. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. All of the Company's financial assets (except cash) are debt instruments that provide the Company with a contractual right to receive cash or another asset.

Financial assets - subsequent measurement

The subsequent measurement of the Company's financial assets (except cash) depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Based on their characteristics, the Company's financial assets are measured at amortised cost.

Assets measured at amortised cost are those which are held to collect cash flows on the repayment of principal or interest. A gain or loss on a financial asset recognised at amortised cost on de-recognition or impairment is recognised in profit or loss. Any interest income is recognised within finance income using the effective interest rate method.

Financial assets - impairment

There are no expected credit losses on amounts owed by group undertakings.

Interest receivable and payable

Interest is recognised as it accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to its net carrying amount.

3 Directors and employees

Directors' remuneration is disclosed in Note 6 to the consolidated financial statements.

The Company has no employees.

4 Operating result before interest and tax

The auditors' remuneration is borne by United Biscuits (UK) Limited. Refer to Note 6 of the Group financial statements for details. There is no recharge to the Company

5 Interest receivable and other income

	2022	2021
	£m	£m
Interest receivable from a group undertaking	<u>3.8</u>	<u>3.5</u>

Interest is receivable from UMV Global Foods Company Limited, the direct subsidiary of the Company.

UMV Global Foods Holding Company Ltd

Parent Company Financial Statements

6 Interest payable and similar expenses

	2022	2021
	£m	£m
Interest payable to parent company	<u>(19.7)</u>	<u>(17.4)</u>

7 Tax on loss

The current tax credit on the loss before taxation for the years 2022 and 2021 is higher than the average rate of corporation tax in the UK of 19.0% (2021: 19.0%). The differences are reconciled below:

	2022	2021
	£m	£m
Loss before taxation	(15.9)	(13.9)
Tax credit at UK statutory rate of 19.0% (2021:19.0%)	(3.0)	(2.6)
Group relieved for no consideration	<u>3.0</u>	<u>2.6</u>
Total tax credit	<u>-</u>	<u>-</u>

Refer to Note 9 of the group financial statements for details of changes in tax rates.

8 Investments

	£m
Cost and Net book value as at 31 December 2022 and 31 December 2021	<u>1,291.5</u>

The Company holds 100% of UMV Global Foods Company Limited's ordinary share capital.

A recoverability assessment of the net book value of investments, by reference to a discounted cash flow analysis, has been performed. Refer to Note 10 of the group financial statements.

Refer to the Note 12 of the group financial statements for details of all indirect subsidiary companies.

UMV Global Foods Holding Company Ltd

Parent Company Financial Statements

9 Called up share capital and share premium

Share capital

Ordinary shares Authorised, issued and fully paid

	Number of shares
Ordinary shares of £1 Sterling each	<u>1,200,000,002</u>

	Number of shares	£
At 31 December 2022 and 31 December 2021	<u>1,200,000,002</u>	<u>1,200,000,002</u>

Share premium

At 31 December 2022 and 31 December 2021	<u>91,465,229</u>	<u>91,465,229</u>
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The Company has one class of ordinary shares which carry no right to fixed income.

10 Inter-group cross-guarantee

The Company has cross-guaranteed the Group's Senior Facilities Agreement and Note Purchase Agreement, which is held by UMV Global Foods Holding Company Ltd. The outstanding principal amount under the two agreements as at 31 December 2022 was £600.0 million (2021: £575.0 million).

11 Events after the balance sheet date

There were no post balance sheet events.

12 Ultimate parent company

In the directors' opinion, the Company's immediate parent undertaking is pladis Foods Limited, which is incorporated in the UK and whose registered office is Building 3 Chiswick Park, 566 Chiswick High Road, Chiswick, W4 5YA, England.

In the directors' opinion, the Company's ultimate parent undertaking as at 31 December 2022 was Yıldız Holding A.S., a company incorporated in Turkey whose registered office is Kısıklı Mahallesi Cesme Cikmazi Sokak No:6/1,34692, Uskudar/Istanbul, Turkey. The ultimate controlling party is Mr Murat Ülker.

The largest group in which the Company's financial statements are included is Yıldız Holding A.S. and the smallest group is pladis Foods Limited. A copy of the consolidated financial statements of pladis Foods Limited can be obtained from the company at the above address.