Company Registration No. 01726257 (England and Wales)

CLOETTA UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CLOETTA UK LIMITED

COMPANY INFORMATION

Directors	Mr G E Richardson Mr H J J De Sauvage-Nolting Mr M A Havermans Mr F P O Ryden
Company number	01726257
Registered office	Fort Southwick James Callaghan Drive Fareham Hampshire England PO17 6AR
Auditor	HJS Accountants Limited 12-14 Carlton Place Southampton Hampshire England SO15 2EA

CLOETTA UK LIMITED

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CLOETTA UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present the Strategic report for Cloetta UK Limited ("the Company") for the year ended 31 December 2020.

The Company is a wholly owned subsidiary of a group of entities headed up by Cloetta Ab ("the Group").

Review of Business

The results of the year show a loss after taxation of £7,512,181 (2019: £1,846,226). Cloetta UK Limited has net liabilities of £8,232,214 at the year-end (PY: net liabilities of £720,033).

Operating loss of £7,804,205 (2019: profit £2,635,535) is solely attributed to COVID19 and associated challenges within the UK market, in addition to the obvious operational disruption, Pick & Mix was largely closed down in 2020 and withdrawn from sale for an extended period during the pandemic.

The Directors feel that challenges in the Market in 2020 were unique and unprecedented, this undoubtedly was a major setback in relation to our long-term mission for UK. Important to say though, is that this was seen as a setback to the timeline and not the longer term ambition itself which remains unchanged. UK is seen as a profitable future growth market for Cloetta.

Whilst clearly having a significant impact financially in 2020, the view short term was on containing the impact from a P&L perspective. Beyond this, then planning for a positive return to sale and of course long-term profitable growth which has always been the UK mission.

The Directors feel that UK was not totally a victim of COVID19, the business in some area's did move forward. Although not obvious in the Financial results (due to overall COVID19 impact), UK was less effected in its Packed offer. Core brands such as Chewits and TJBF performed well, Chewits boosted by the successful launch of Bites and TJBF particularly benefitting from a strong online demand during lockdown, Amazon being a key digital platform.

With respect to Pick and Mix, this of course was subject to a much more fundamental challenge, Cinema's closed in April 2020 and this remained the case for the balance of the year. Key retailers removed ALL unwrapped foods from sale as a COVID precaution. Pick and Mix confectionery of course also caught up in this decision, despite a later realization that this represented no more risk to the consumer than anything else displayed on the supermarket shelf.

During this period, the company did innovate to return to sale, within 4-6wks a fully Wrapped range was launched into Tesco, also, a pre-packed (mini bag) assortment was introduced into Morrison's. Neither innovation worked in the context of driving significant demand or contribution, however, this was an important step in ensuring Pick and Mix units were held in situ and selling something until a more normalized return to sale etc.

In addition to managing impact shorter term, the team also set about developing an industry leading solution that better future proofs Pick and Mix should COVID19 return or indeed some other pandemic. Should it ever be required, a membrane solution has been developed that addresses any subsequent hygiene challenges in the category, this solution has strong trade support and is heavily patented as a Cloetta only solution within this category.

Despite recent challenges, the Directors see many opportunities moving forward, new business wins, also, improved profitability through identified efficiencies that come also with a future return to scale. A bounce back post COVID is seen as a 2yr exercise. Alongside this, the business has adopted a “Taskforce” approach with both local and international resource deployed to address a more total transformation as UK resumes its profitable growth trajectory.

Principal risks and uncertainties

The Company operates in a market that can be subject to significant rises in both commodity pricing and associated cost to serve, these cost pressures never more accentuated than in a world re-opening again post COVID and post BREXIT for UK.

A robust pricing strategy that ensures any legitimate cost increases are recoverable from its customers is a basic staple and critical component in neutralizing this impact.

FMCG is by definition always challenging, however, having taken such a hit in 2020 then 2021 feels much more about opportunities rather than risk, perhaps the bigger unknown is the pace of recovery. Whilst the world seems to thankfully have a solution for COVID (Vaccine program), no-one predicted UK on 3mths lockdown in 2021 following a Xmas without such restrictions.

Key performance indicators

The Directors can't be satisfied with the 2020 results, however, are at least satisfied with how the company faced into such unprecedented and unpredictable challenge.

Despite the impact of COVID19 in 2020 the Directors are confident regarding future sales and value creation in the medium to long term future. The Company's key mission now is profitable growth, lots of exciting initiatives under review that will support this mission, 2021 then the first year in an exciting new 5yr Plan in UK.

Directors' S172 statement

Introduction

As Directors of Cloetta UK Limited, our key responsibility is to promote the success of the Company. This principle is embodied in our terms of reference and is the cornerstone of our discussions and our decision making. Each Director is cognisant that in discharging this key responsibility, they must have regard to:

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

The Directors of Cloetta UK Limited consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act).

The Board's approach to section 172(1) and decision making

The Board's terms of reference, which are reviewed annually, clearly articulate the Board's responsibilities, the role of the Chair and matters reserved for the Board. They also set out which of the Board's powers and responsibilities may be delegated to other committees and the governance mechanisms by which the Board monitors those committees' activities and performance. The Chair ensures that these terms of reference are adhered to and, by doing so, ensures that Directors have due regard for all appropriate factors during the decision-making process.

Our Strategy

The Board is responsible for several key strategic decisions, including approving the business plans, objectives, and strategy of the Company. It is also responsible for conduct risk strategy and appetite for recommending dividends and for setting dividend policy.

The Company's strategy and business plans are approved annually by the Board. The Board also assesses how the strategy underpins long-term value creation by discussing and approving a four-year plan. Such matters are also discussed at the Group's strategy review and planning meetings, in which the Directors of the Company and its parent and sister Companies participate. On-going performance is discussed and monitored at Board meetings.

The Directors' assessment of long-term value creation also considers the Company's resilience. The Directors determine and monitor underwriting, reserving, business, operational, credit, market and liquidity risk appetites and tolerances. They ensure the Company has an effective risk management framework in place, approve its conduct risk strategy and appetite.

Our policies and practices

All relevant factors are appropriately addressed by the Board when considering matters reserved for it, as set out in its terms of reference.

The Board also ensures that appropriate consideration is given to relevant factors by the committees to which it delegates responsibilities. The Board reviews the terms of reference of such committees on an annual basis and receives regular updates and reports from those committees' chairs.

The Board also reviews the Company's key policies on an annual basis, ensuring that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business. These policies help to promote the long-term success of the Company by focusing on areas such as the key operations of the Company.

The Board reviews its key stakeholder map on an annual basis. New key stakeholder relationships are identified through information received and considered by the Board on a regular basis, or through the Board's consideration and approval of substantial contracts and commitments.

Training

To assist the Directors in discharging their responsibilities, they are provided with on-going training and development opportunities.

For the wider workforce, there is a comprehensive staff development programme tailored to meet individual needs. Elements of this training are mandatory, with all staff required to successfully complete nano e-learning modules on key areas such as money laundering, bribery and corruption, data protection, fraud, and cyber risk.

Our culture

Building and maintaining the Company's reputation and its high standards of business conduct are essential to the future success of the Company. This is embedded in our culture.

The Company also maintains a 'Code of Conduct' setting out the standard we expect from all our staff. This is regularly reviewed and updated, and compliance is attested to by each employee on an annual basis.

Our people
In order to generate value, we recognise that our people, culture, social and community strategies must be both sustainable and aligned to the long-term interests of all our stakeholders. We seek to make both a positive contribution to society and to be aware of the long-term consequences of our actions. We also seek to generate new commercial opportunities by developing strong stakeholder relationships and by recruiting and retaining a highly skilled, engaged, and motivated workforce.

Our stakeholders
The Board recognises the importance of engaging with its broader stakeholder base. We are focused on responding to the needs, and building long-term relationships with, our customers. Other key stakeholders are the producers and suppliers who we purchased goods and services from.

The Company seeks to make information available for financial stakeholders. This includes contact details should stakeholders wish to discuss anything directly.

On behalf of the board

Mr G E Richardson
Director

20 January 2022

CLOETTA UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of Cloetta UK Limited, registered Company number 01726257, ("the Company") present their annual report and audited financial statements for the year ended 31 December 2020.

Principal activities
The principal activity of the Company continues to be that of a confectionery provider within the United Kingdom, including both Packed confectionary and a Pick & Mix concept.

Results and dividends
The results for the year are set out on page 13.

No ordinary or preference dividends will be distributed for the year ended 31 December 2020 (2019: Nil).

No Directors' indemnity insurance is held.

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G E Richardson
Mr H J J De Sauvage-Nolting
Mr M A Havermans
Mr F P O Ryden

Post reporting date events
As set out in the Strategic report, at the date of signing of these financial statements, the Directors also reference the impact of Covid-19 on current business fundamentals in 2021 into 2022. Covid-19 is unprecedented and could still cause a serious interruption to the Company's planned ambition for 2021 and beyond. Despite this, the Directors consider that the Company is relatively well placed for what comes next, and are confident regarding a resumption of the growth story and future mission for the UK business in the medium to long term future. See the Strategic report for further details on the impacts of the pandemic and actions taken by the Company to react to this.

Future developments
Growing sales remains the key future priority. The creation of one Cloetta UK organisation which combines Packed with Pick & Mix should be a real accelerator with respect to both sales and value creation in the UK.

The Directors acknowledge that short term there is significant change management required to create a solid and profitable platform for growth. In 2021 and into 2022, Covid-19 impact may inhibit value creation, moving forward past this challenge the business will resume its mission of improving results through the focused strategy and approach as described above.

Changes in presentation of the financial statements
The financial statements have been prepared on the going concern basis of accounting. This presumes that the Company will remain in operational existence for the foreseeable future. Due to historic trading results the Company does require support from the Group and with the emergence of Covid-19 and the significant impact on the Company this support is expected to continue to be required for at least the next 12 months from signing of the financial statements.

The Company has received a letter of support from the parent undertaking to confirm their willingness to provide this support for at least the required period. The Directors' have, in making their assessment of going concern, considered the ability of the parent entity to continue to provide the required support and are satisfied that the parent has sufficient facilities available to enable them to provide the required financial support.

Auditor
Currently the appointment of auditors for the year ended 31 December 2021 is being considered.

Statement of directors' responsibilities
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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

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

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

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

Statement of disclosure to auditor
In the case of each Director in office at the date the Directors' report is approved:

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

Financial Risks
The Company applies the detailed Financial Policy set by the Group which covers all aspects of Financial Strategy including the financing policy, cash management policy, interest-rate risk policy and currency risk policy.

The Company is exposed to all of these risks and deal with these through the various Group policies as detailed further below.

Foreign currency exchange rate risk
As a consequence of its international activities, the Company is exposed to changes in foreign exchange rates. These exposures derive primarily from purchases in foreign currencies or from holdings of foreign net assets, debtors and creditors, in currencies other than GBP. Transaction exposure is present since sales are mainly denominated in the local currency (GBP) and purchasing is denominated in a number of currencies (EUR, SEK, GBP).

The Company has taken steps to mitigate transaction risk by maintaining a proportion of its purchases with UK suppliers. In addition, where possible, income from sales in Euros is retained in a Euro bank account to naturally hedge against purchases settled in Euros.

Liquidity risk
Liquidity risk is minimised by matching cash surpluses and deficits between Group Companies within a cash pool in order to use the additional credit facilities as efficiently and seldom as possible.

Price risk
The Company is exposed to price risk as a result of its operations. The risk associated with increased commodity prices are mitigated by a Group Purchasing department who review the market and liaise with current and potential suppliers on an ongoing basis.

Credit risk
The Company does not have any significant concentrations of credit risk. Customers are subject to a credit policy which requires appropriate credit checks on potential customers before sales are made. Sales are subject to payment conditions which vary per customer. A loss allowance for trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Interest rate risk
The Company has interest-bearing non-current and current liabilities. Loans with other Group entities are taken out on a fixed interest basis which minimises the level of interest rate risk. Bank loans and overdrafts are at floating rates. The Company continuously monitors exposure to interest rate risk and would take action such as derivative financial instruments to manage the level of interest rate risk if deemed appropriate.

An agreed deal between UK and the EU regarding BREXIT was far more beneficial for the Company than a no-deal scenario. There is a small BREXIT cost relating to additional paperwork routines moving in and out of UK, however, this is non-material when compared to the consequences of a no-deal which would have attracted significantly higher tariffs on imports under a world trade agreement and could have resulted in significant disruptions in the import channel. The transition has been relatively smooth, few delays regarding goods received internationally despite a slightly slower process clearing customs, it's still early in the process, however, so far this has gone exceptionally well.

On behalf of the board

Mr G E Richardson	Mr M A Havermans
Director	**Director**

20 January 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLOETTA UK LIMITED

Qualified opinion on financial statements

We have audited the financial statements of Cloetta UK Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

With respect to stock having a carrying amount of £2,648,050 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 December 2020, since that date was prior to our appointment as auditor of the company. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. In addition, were any adjustment to the stock balance to be required, the strategic report would also need to be amended.

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning stock quantities of £2,648,050 held at 31 December 2020. We have concluded that where the other information refers to the stock balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

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

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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 company and industry, we identified that the principal risks of noncompliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the relevant Hygiene Standards authorities within the UK. We also considered the laws and regulations which have a direct impact on the financial statements such as the Companies Act 2006.

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 management bias in accounting estimates and judgemental areas of the financial statements.

Audit procedures performed by the audit engagement team included:

- Discussions with senior management, including consideration of known or suspected instances of noncompliance with laws and regulation or instances of fraud;
- Identifying and testing journal entries based on risk criteria;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Testing transactions entered into outside of the normal course of the company's business;
- Reviewing any potential litigation or claims against the entity which indicate any potential noncompliance issues.

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 though collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Angela Trainor (Senior Statutory Auditor)
For and on behalf of HJS Accountants Limited
Chartered Accountants and Statutory Auditor
12-14 Carlton Place
Southampton
Hampshire
England
SO15 2EA

24 January 2022

CLOETTA UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	**3**	23,747,721	32,157,614
Cost of sales		(21,674,561)	(23,214,465)
Gross profit		2,073,160	8,943,149
Distribution costs		(2,043,430)	(1,958,693)
Administrative expenses		(7,995,391)	(4,348,921)
Other operating income	**3**	161,456	-
Operating (loss)/profit	**5**	(7,804,205)	2,635,535
Interest receivable and similar income	**9**	189,207	98,248
Interest payable and similar expenses	**10**	(167,378)	(110,042)
(Loss)/profit before taxation		(7,782,376)	2,623,741
Tax on (loss)/profit	**11**	270,195	(777,515)
(Loss)/profit for the financial year		(7,512,181)	1,846,226

The profit and loss account has been prepared on the basis that all operations are continuing operations. The notes on pages 18 to 34 form part of these financial statements.

CLOETTA UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
(Loss)/profit for the year	(7,512,181)	1,846,226
Other comprehensive income	-	-
Total comprehensive income for the year	(7,512,181)	1,846,226

CLOETTA UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	**12**		434,615		523,468
Tangible assets	**13**		750,941		1,048,323
Investments	**14**		1		2
			1,185,557		1,571,793
Current assets					
Stocks	**16**	2,648,050		3,233,668	
Debtors falling due after more than one year	**17**	-		59,277	
Debtors falling due within one year	**17**	4,400,260		7,770,167	
Cash at bank and in hand		29,865,475		14,804,098	
		36,913,785		25,867,210	
Creditors: amounts falling due within one year	**18**	(38,843,054)		(20,173,548)	
Net current (liabilities)/assets			(1,929,269)		5,693,662
Total assets less current liabilities			(743,712)		7,265,455
Creditors: amounts falling due after more than one year	**19**		(7,488,502)		(7,985,488)
Net liabilities			(8,232,214)		(720,033)
Capital and reserves					
Called up share capital	**23**		3,092,271		3,092,271
Equity reserve	**24**		(6,000,703)		(6,000,703)
Capital redemption reserve	**25**		4,379		4,379
Other reserves	**26**		4,009,653		4,009,653
Profit and loss reserves	**27**		(9,337,814)		(1,825,633)
Total equity			(8,232,214)		(720,033)

CLOETTA UK LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 20 January 2022 and are signed on its behalf by:

Mr G E Richardson	Mr M A Havermans
Director	**Director**

Company Registration No. 01726257

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Equity reserve	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 January 2019	3,092,271	-	4,379	4,009,653	(3,671,859)	3,434,444
Year ended 31 December 2019:						
Profit and total comprehensive income for the year	-	-	-	-	1,846,226	1,846,226
Other movements	-	(6,000,703)	-	-	-	(6,000,703)
Balance at 31 December 2019	3,092,271	(6,000,703)	4,379	4,009,653	(1,825,633)	(720,033)
Year ended 31 December 2020:						
Loss and total comprehensive income for the year	-	-	-	-	(7,512,181)	(7,512,181)
Balance at 31 December 2020	3,092,271	(6,000,703)	4,379	4,009,653	(9,337,814)	(8,232,214)

1 Accounting policies

Company information

Cloetta UK Limited ("the Company") is a private Company limited by shares incorporated in England and Wales and domiciled in the United Kingdom. The registered office is Fort Southwick, James Callaghan Drive, Fareham, Hampshire, England, PO17 6AR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006. The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the 'Critical accounting estimates and judgements' policy.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on a going concern basis under the historical cost convention.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

The Company is a wholly owned subsidiary of the Cloetta AB Group and its results are included in the consolidated financial statements of Cloetta AB Group which are available from Landsvägen 50A, Sundbyberg, Sweden and at cloetta.com.

1 Accounting policies **(Continued)**

1.2 Going concern

The financial statements have been prepared on the going concern basis of accounting. This presumes that the Company will remain in operational existence for the foreseeable future. Due to historic trading results the Company does require support from the Group and with the emergence of Covid-19 and the significant impact on the Company this support is expected to continue to be required for at least the next 12 months from signing of the financial statements.

The Company has received a letter of support from the parent undertaking to confirm their willingness to provide this support for at least the required period. The Directors' have, in making their assessment of going concern, considered the ability of the parent entity to continue to provide the required support and are satisfied that the parent has sufficient facilities available to enable them to provide the required financial support.

1.3 Turnover

Turnover represents income derived from ordinary activities, net of trade discounts, rebates and value added tax and is recognised on the delivery of goods at which point the risks and rewards of ownership are deemed to pass to the customer. Rebates are deducted as they are considered to be discounts.

Rebates are accrued for over the period for which they relate. The Company issues rebates to customers based on the relevant sales activity in the financial year for the purpose of contributing towards the marketing costs for the Company's products.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is considered probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

When acquired as part of a merger within the existing Group, assets are recognised at their net book value and continue to be amortised over a straight line basis in line with the policy below from the point they were initially recognised within the Group.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	Straight line over 5 years
Distribution Rights	Straight line over 10 years

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	Straight line over 5 years
Motor vehicles	Straight line over 5 years

Assets in the course of construction are not depreciated.

1 Accounting policies **(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets. A provision is made for any impairment loss and taken to the profit and loss account.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, on an average basis. The cost includes all costs in bringing the product to its location and condition. Provision is made where necessary for obsolete and slow moving stock.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The Company only enters into Basic financial instrument transactions.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Other financial assets

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow Group Companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire, are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.12 Taxation

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

Current tax

The current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in the tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The Company's liability for current and deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.18 Preference Shares

Preference shares contractual terms are considered when deciding on how to treat them in the financial statements. Where the preference shares are redeemable for a fixed or determinable amount at a fixed date or determinable future date, or give the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability. Otherwise it will be included within equity.

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2 the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no critical accounting estimates or key judgements expressed in these financial statements which may be reasonably expected to have a movement which would create a material impact on the financial statements in the next 12 months.

3 Turnover and other revenue

An analysis of the Company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of confectionery	23,747,721	32,157,614

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	22,768,517	31,986,790
Europe	979,204	170,824
	23,747,721	32,157,614

	2020	2019
	£	£
Other significant revenue		
Interest income	189,207	98,248
Grants received	161,456	-

Grants received relate to the government grants receivable during the year in light of the coronavirus pandemic support.

4 Exceptional item

	2020	2019
	£	£
Expenditure		
Termination costs for agreement with an agent	-	512,756

5 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging/(crediting):	2020 £	2019 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	1,954,734	(1,855,922)
Government grants	(161,456)	-
Depreciation of owned tangible fixed assets	449,107	490,484
Amortisation of intangible assets	88,853	91,237
Operating lease charges	105,482	102,412

6 Auditor's remuneration

Fees payable to the company's auditor and associates:	2020 £	2019 £
For audit services		
Audit of the financial statements of the company	39,247	53,000

7 Employees

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2020 Number	2019 Number
Administration and finance	2	2
Distribution	3	48
Sales and marketing	222	226
Total	227	276

Aggregate employee remuneration (including Directors) comprised:

	2020 £	2019 £
Wages and salaries	3,102,334	3,020,356
Social security costs	229,982	226,091
Pension costs	117,514	99,515
	3,449,830	3,345,962

8 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	170,996	216,895
Company pension contributions to defined contribution schemes	28,035	17,271
	199,031	234,166

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	£	£
Remuneration for qualifying services	n/a	216,895
Company pension contributions to defined contribution schemes	n/a	17,271

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

The other Directors receive remuneration for their services from within the Cloetta AB Group as their services as D irectors of the Company were considered incidental to their other services within the Cloetta AB Group of C ompanies. It is not possible to determine an allocation of costs to the Company and no amounts have been directly recharged.

9 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	189,207	98,248

10 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	57,133	77,303
Interest payable to group undertakings	110,245	32,739
	167,378	110,042

11 Taxation

	2020	2019
	£	£
Deferred tax		
Origination and reversal of timing differences	(254,338)	-
Changes in tax rates	(7,909)	80,267
Previously unrecognised tax loss, tax credit or timing difference	-	498,511
Write down or reversal of write down of deferred tax asset	-	196,355
Adjustment in respect of prior periods	(7,948)	2,382
Total deferred tax	(270,195)	777,515

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
(Loss)/profit before taxation	(7,782,376)	2,623,741
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(1,478,651)	498,511
Tax effect of expenses that are not deductible in determining taxable profit	2,703	-
Tax effect of income not taxable in determining taxable profit	(16)	-
Gains not taxable	73	-
Change in unrecognised deferred tax assets	1,221,553	196,355
Effect of change in corporation tax rate	(7,909)	80,267
Deferred tax adjustments in respect of prior years	(7,948)	2,382
Taxation (credit)/charge for the year	(270,195)	777,515

12 Intangible fixed assets

	Software	Distribution Rights	Total
	£	£	£
Cost			
At 1 January 2020 and 31 December 2020	132,364	526,694	659,058
Amortisation and impairment			
At 1 January 2020	70,826	64,764	135,590
Amortisation charged for the year	22,897	65,956	88,853
At 31 December 2020	93,723	130,720	224,443
Carrying amount			
At 31 December 2020	38,641	395,974	434,615
At 31 December 2019	61,538	461,930	523,468

It is Cloetta's initiative to centralise all UK sales within the Cloetta group in the UK with respect to the group restructuring of sales organisations. Therefore the UK distribution rights for listed products gives Cloetta UK the right to sell these products in the UK. The rights were bought form Cloetta Italia S.r.l and Lonka Sales B.V.

As part of the Company's acquisition of Cloetta UK Dormant Limited in 2019, the net book value of the intangible assets in relation to UK distribution rights were recognised. These rights were originally acquired by Cloetta UK Dormant Limited from Cloetta Italia S.r.l and Lonka Sales B.V. in 2016.

13 Tangible fixed assets

	Assets under construction	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2020	-	2,633,603	40,250	2,673,853
Additions	137,028	14,697	-	151,725
At 31 December 2020	137,028	2,648,300	40,250	2,825,578
Depreciation and impairment				
At 1 January 2020	-	1,607,417	18,113	1,625,530
Depreciation charged in the year	-	441,057	8,050	449,107
At 31 December 2020	-	2,048,474	26,163	2,074,637
Carrying amount				
At 31 December 2020	137,028	599,826	14,087	750,941
At 31 December 2019	-	1,026,186	22,137	1,048,323

There are no commitments in relation to contracted capital expenditure.

14 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	15	1	2

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2020	2
Disposals	(1)
At 31 December 2020	1
Carrying amount	
At 31 December 2020	1
At 31 December 2019	2

15 Subsidiaries

Details of the Company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Cloetta UK Dormant Limited	UK	Dormant	Ordinary	100.00

Registered office addresses:

UK Hill House, 1 Little New Street, London, EC4A 3TR, United Kingdom

Cloetta UK Dormant Limited was previously trading and registered dormant from 1 May 2020. The company was dissolved on the 16 March 2021.

16 Stocks

	2020 £	2019 £
Finished goods and goods for resale	2,648,050	3,233,668

Finished goods are stated after provision for impairment of £45,757 (2019: £20,000)

17 Debtors

	2020	2019
Amounts falling due within one year:	**£**	**£**
Trade debtors	3,839,528	7,453,966
Amounts owed by group undertakings	144,294	292,746
Prepayments and accrued income	86,966	23,455
	4,070,788	7,770,167
Deferred tax asset	329,472	-
	4,400,260	7,770,167

	2020	2019
Amounts falling due after more than one year:	**£**	**£**
Deferred tax asset	-	59,277
Total debtors	4,400,260	7,829,444

Trade debtors are stated after provision for impairment of £20,964 (2019: £23,114).

The amounts owed by Group undertakings are all interest free, unsecured and repayable on demand.

18 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	20	32,847,378	12,441,562
Trade creditors		826,316	693,583
Amounts owed to group undertakings		2,852,885	3,198,015
Taxation and social security		1,160,033	1,258,211
Other creditors		1,158	18,724
Accruals and deferred income		1,155,284	2,563,453
		38,843,054	20,173,548

The bank overdraft is part of a Group cash pool. This is repayable on demand and is incurring interest at 1 month STIBOR + 1%.

Included in the amounts due to Group Companies are loans that are interest free and repayable on demand except for 3 loans which have the following terms:

Two loans totalling £2,852,885 (2019: £2,668,255) are due for repayment on 1 October 2021 incurring interest at 1.225% of which £2,852,885 (2019: £nil) is reflected within creditors: amounts falling due within one year, and £nil (2019: £2,668,255) is recognised within Creditors: amounts falling due after more than one year.

One loan is incurring interest of 1% of which £nil (2019: £1,698,074) is reflected within creditors: amounts falling due within one year, and £7,488,502 (2019: £5,317,233) is recognised within Creditors: amounts falling due after more than one year.

19 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to group undertakings	7,488,502	7,985,488

20 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	32,847,378	12,441,562
Payable within one year	32,847,378	12,441,562

21 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Assets 2020 £	Assets 2019 £
Accelerated capital allowances	79,597	54,458
Tax losses	249,655	-
Short term timing differences trading	220	4,819
	329,472	59,277

Movements in the year:	2020 £
Asset at 1 January 2020	(59,277)
Credit to profit or loss	(262,286)
Effect of change in tax rate - profit or loss	(7,909)
Asset at 31 December 2020	(329,472)

Deferred tax is not recognised in respect of tax losses of £12,969,993 (2019: £6,628,390), which includes losses from Cloetta Dormant Limited transferred on merger of £4,897,221 (2019: £4,897,221), as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

The deferred tax asset at 31 December 2020 has been calculated based on the rate substantially enacted at the balance sheet date.

22 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	117,514	99,515

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension charge represents contributions payable by the Company to a defined contribution fund administered by Benefex and held with Scottish Equitable. There were no outstanding contributions due to the fund at the balance sheet date (2019: £nil).

23 Share capital

	2020	2019	2020	2019
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	7,956	7,956	7,956	7,956
"B' Ordinary shares of £1 each	7,665	7,665	7,665	7,665
Redeemable shares of £1 each	3,000,000	3,000,000	3,000,000	3,000,000
	3,015,621	3,015,621	3,015,621	3,015,621

	2020	2019	2020	2019
Preference share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Preferred shares of £1 each	76,650	76,650	76,650	76,650
Preference shares classified as equity			76,650	76,650
Total equity share capital			3,092,271	3,092,271

The ordinary shares, 'B' ordinary shares and preferred shares rank pari passu for voting purposes. If a dividend is declared on the ordinary shares or 'B' ordinary shares, the preferred shares are ignored for the purpose of calculating the entitlement of the holders of the ordinary shares or 'B' ordinary shares to any dividend declared.

The redeemable shares have no dividend or voting rights and will be entitled to a return of capital only, on a winding-up of the Company. There are no restrictions on the date of redemption, and redemption is at the option of the shareholder. No premiums are payable on redemption.

24 Equity reserve

	2020	2019
	£	**£**
At the beginning of the year	(6,000,703)	-
Other movements	-	(6,000,703)
At the end of the year	(6,000,703)	(6,000,703)

During the year ended 31 December 2019, the trade and assets from Cloetta UK Dormant Limited were acquired by the Company. Due to the nature of the acquisition being a transfer of trade and assets from another wholly owned subsidiary within the Cloetta AB Group, this was essentially a merger of two businesses. The amounts were therefore transferred at net book value at the date of acquisition. As Cloetta UK Dormant Limited held no trade or assets following the acquisition, the increase in the investment was transferred to the equity reserve.

25 Capital redemption reserve

	2020	2019
	£	£
At the beginning and end of the year	4,379	4,379

The capital redemption reserve represents the nominal value of own shares that have been acquired by the company and cancelled.

26 Other reserves

	Capital contribution reserve
	£
At the beginning of the prior year	4,009,653
At the end of the prior year	4,009,653
At the end of the current year	4,009,653

Included within other reserves are amounts paid by the former parent as a capital contribution.

27 Profit and loss reserves

	2020	2019
	£	£
At the beginning of the year	(1,825,633)	(3,671,859)
(Loss)/profit for the year	(7,512,181)	1,846,226
At the end of the year	(9,337,814)	(1,825,633)

The profit and loss reserve represents all current and prior period retained profits and losses.

28 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the Company in respect of property and motor vehicles used. The contract term in relation to the property concludes on 31 July 2024, although this included a break date of 31 July 2020.

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

	2020	2019
	£	£
Within one year	83,708	61,368
Between two and five years	162,836	29,567
	246,544	90,935

29 Events after the reporting date

At time of publication, the Directors also reference the impact of Covid-19 on current business fundamentals in 2021 and into 2022. The impact of Covid-19 is unprecedented, there is no doubt it will be a serious interruption to the Company's planned ambition for 2021. Despite this, Cloetta UK is relatively well placed for what comes next, and already is confident regarding a resumption of the growth story and future mission for the business in UK.

We have taken a number of measures to monitor and limit the effects of Covid-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of materials that are essential to our production process.

At this stage, the impact on the business and results has been significant and based on our experience to date we expect this to remain the case for the near future. As we operate in the cinema and Pick & Mix sector out of home, we have experienced decreased demand for our products and expect this to continue in 2021 potentially through into 2022.

30 Related party transactions

As the Company is a wholly owned subsidiary of the Cloetta AB Group, it has taken advantage of the exemption contained in FRS 102 'Related Party Disclosures' and has therefore, not disclosed transactions or balances with entities which form part of that Group.

Transactions with Directors comprised wages as detailed in the Directors' remuneration note. There were no other transactions with Directors or other disclosable related party transactions.

31 Ultimate controlling party

The immediate parent Company of Cloetta UK Limited was E Out Instrument AB until 31 December 2019 when it became Cloetta Sverige AB, which is incorporated in Sweden.

The ultimate parent Company and controlling party is Cloetta AB, which is incorporated in Sweden.

Cloetta AB is the smallest and largest Group to consolidate the results of the Company.

The consolidated financial statements of this Group are available to the public at Landsvägen 50A, Sundbyberg, Sweden and at cloetta.com.