

Company registration number 01726257 (England and Wales)

**CLOETTA UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# CLOETTA UK LIMITED

## COMPANY INFORMATION

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**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  
Tagus House  
9 Ocean Way  
Southampton  
Hampshire  
United Kingdom  
SO14 3TJ

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# CLOETTA UK LIMITED

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# CLOETTA UK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The Directors present the Strategic report for Cloetta UK Limited ("the Company") for the year ended 31 December 2022.

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 £7,905,575 (2021: £1,644,572). Cloetta UK Limited has net liabilities of £17,782,361 at the year-end (PY: net liabilities of £9,876,786).

Operating loss of £7,786,806 (2021: Loss £1,666,216), despite improved top-line driven by demand, unprecedented cost pressure in the Market proved a significant drag on operational profit. Extensive action was taken in response, however, the cost impact was so significant, as well as so immediate, that it proved impossible to fully mitigate within the financial year 2022.

The Directors acknowledge that this represents a major setback in relation to the longer-term ambition for UK.

With COVID now some time behind us, we have returned to high levels of demand across the portfolio, demand though, is no longer the challenge. The latest threat is to profitability, responding to this threat now shapes the forward strategy and related actions.

Despite these challenges, the longer-term mission for UK remains unchanged, UK is seen as a profitable future growth market for Cloetta, its just that this now is a little further away due to the inflationary impact we are seeing on ALL commodities, cost to serve, energy, labor, freight & others. The business needs to address these fundamentals, this before then resuming the more generic value-added journey with the longer-term mission to sustained profitability in mind.

Although there is disappointment in the 2022 reported numbers, what is important, is that action taken to mitigate delivers value improvement longer term. In 2022, the company on several occasions raised pricing to its customers, value reengineered where possible, this as the business looked to mitigate market cost pressure.

The UK mission is a long-term commitment within Cloetta, investment continues into numerous opportunities. In 2022 these included movement into further stores with P&M, The Range was a major rollout, other customers more about additional distribution, also, support to a continued investment into new display units in ALL major customers.

Cloetta's Packed range of products also enjoyed some major distribution wins & CAPEX investment into modernizing production at our factory in Slovakia. Indeed, Chewits enjoyed another year of growth as we continued the journey to further transform our consumer offer. Jellybeans (TJBF) also saw some major investment in Brand renovation and this focused on flavor and pack modernization designed to further enhance brand relevance.

#### Principal Risks and Uncertainties

2022 has demonstrated the potential vulnerability to cost pressure. Whilst the company has taken appropriate action to mitigate, the risk of course, is a further acceleration of costs and inflationary pressure in the category.

The current crisis in Ukraine is clearly impacting on global pricing, this is the immediate focus as it presents continued hurdle to profitable recovery in 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.

#### Key performance indicators

The Directors aren't satisfied with the 2022 results, however, are satisfied that appropriate action has been taken within 2022 to deliver longer term improvement, this also achieved with our customer's support.

The Directors are confident regarding future sales and value creation through enhanced top-line growth. If cost impacts fail to recede, and more value needs to be created by price action in the market, then this also something the business is committed to acting upon.

The Company's key mission remains to deliver profitable growth and to this goal the Directors are fully committed.

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# CLOETTA UK LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **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.

# CLOETTA UK LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### *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.

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**

11 December 2023

# CLOETTA UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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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 2022.

#### 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 11.

No ordinary or preference dividends will be distributed for the year ended 31 December 2022 (2021: 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

#### Future developments

Growing profitable sales remains the key future priority, this being the focus across the portfolio. There is undoubtedly enhanced challenge with accelerated cost inflation across the business, this must be mitigated, and further value added to reposition UK as a profit contributor to Cloetta Group.

For Packed, Chewits continues its exciting growth journey with new NPD also coming down the track. Jellybeans (TJBF) primed also for accelerated future growth following significant renovation during 2022.

For Pick & Mix, volume has returned to pre-COVID levels, the business has recently rolled into several new customers and continues to build distribution in existing customers. Additional opportunities exist for further new customer recruitment; however, the bigger prize must always be to sell more from existing space in store.

The Directors acknowledge that short term development is of course not ideal, post COVID, no one quite predicted the level of cost inflation seen across the market. We need to fix the current situation, and then resume our mission of improving results through further value creation.

#### 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 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

HJS Accountants has been reappointed as auditors for the year ended 31 December 2022 for the Company.

# CLOETTA UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### 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 Cloetta AB 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 (transaction exposure) or from holdings of foreign net assets, debtors and creditors, in currencies other than GBP (translation exposure). 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.



## **CLOETTA UK LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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On behalf of the board

Mr G E Richardson  
**Director**

Mr M A Havermans  
**Director**

11 December 2023

## **CLOETTA UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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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.

# CLOETTA UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CLOETTA UK LIMITED

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#### Opinion

We have audited the financial statements of Cloetta UK Limited (the 'company') for the year ended 31 December 2022 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

We have nothing to report in this regard.

#### 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.

# CLOETTA UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF CLOETTA UK LIMITED

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#### Matters on which we are required to report by exception

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 through 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.

## **CLOETTA UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CLOETTA UK LIMITED**

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#### **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**  
Tagus House  
9 Ocean Way  
Southampton  
Hampshire  
United Kingdom  
SO14 3TJ

11 December 2023

## CLOETTA UK LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	32,469,340	28,856,523
Cost of sales		(26,805,422)	(24,308,862)
<b>Gross profit</b>		<b>5,663,918</b>	<b>4,547,661</b>
Distribution costs		(2,648,170)	(2,210,095)
Administrative expenses		(10,802,554)	(4,129,594)
Other operating income	3	-	125,812
<b>Operating loss</b>	4	<b>(7,786,806)</b>	<b>(1,666,216)</b>
Interest receivable and similar income	8	249,262	178,158
Interest payable and similar expenses	9	(56,633)	(138,440)
<b>Loss before taxation</b>		<b>(7,594,177)</b>	<b>(1,626,498)</b>
Tax on loss	10	(311,398)	(18,074)
<b>Loss for the financial year</b>		<b>(7,905,575)</b>	<b>(1,644,572)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations. The notes on pages 16 to 30 form part of these financial statements.

## CLOETTA UK LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022 £	2021 £
Loss for the year	(7,905,575)	(1,644,572)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(7,905,575)</u>	<u>(1,644,572)</u>

# CLOETTA UK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		264,061		349,338
Tangible assets	12		2,959,513		1,059,155
			<u>3,223,574</u>		<u>1,408,493</u>
<b>Current assets</b>					
Stocks	13	3,336,549		2,629,431	
Debtors	14	5,068,853		5,759,162	
		<u>8,405,402</u>		<u>8,388,593</u>	
<b>Creditors: amounts falling due within one year</b>	15	(21,831,067)		(12,601,862)	
<b>Net current liabilities</b>			<u>(13,425,665)</u>		<u>(4,213,269)</u>
<b>Total assets less current liabilities</b>			<u>(10,202,091)</u>		<u>(2,804,776)</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(7,580,270)		(7,072,010)
<b>Net liabilities</b>			<u>(17,782,361)</u>		<u>(9,876,786)</u>
<b>Capital and reserves</b>					
Called up share capital	19	3,092,271		3,092,271	
Equity reserve	20	(6,000,703)		(6,000,703)	
Capital redemption reserve	21	4,379		4,379	
Other reserves	22	4,009,653		4,009,653	
Profit and loss reserves	23	(18,887,961)		(10,982,386)	
<b>Total equity</b>			<u>(17,782,361)</u>		<u>(9,876,786)</u>



## **CLOETTA UK LIMITED**

### **BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2022**

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The financial statements were approved by the board of directors and authorised for issue on 11 December 2023 and are signed on its behalf by:

Mr G E Richardson  
**Director**

Mr M A Havermans  
**Director**

**Company Registration No. 01726257**

# CLOETTA UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Equity reserve	Capital redemption reserve	Contribution reserve	Profit and loss reserves	Total
	£	£	£	£	£	£
<b>Balance at 1 January 2021</b>	3,092,271	(6,000,703)	4,379	4,009,653	(9,337,814)	(8,232,214)
<b>Year ended 31 December 2021:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(1,644,572)	(1,644,572)
<b>Balance at 31 December 2021</b>	3,092,271	(6,000,703)	4,379	4,009,653	(10,982,386)	(9,876,786)
<b>Year ended 31 December 2022:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(7,905,575)	(7,905,575)
<b>Balance at 31 December 2022</b>	3,092,271	(6,000,703)	4,379	4,009,653	(18,887,961)	(17,782,361)

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **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 amounts 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.

#### **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. Russia's war in Ukraine that started at the end of February 2022 entails risks of further impact on the global economy, further cost inflation, and disruptions in supply chains. While Cloetta does not have any significant direct financial exposure to any of the countries involved, the company is being impacted by rising input costs and global supply chain challenges.

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.

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

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.

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 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.

#### 1.7 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.

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.8 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.

#### 1.9 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.

##### **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.

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### ***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.

#### ***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.

### 1.10 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.

### 1.11 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.

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### **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.

#### **1.12 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.

#### **1.13 Retirement benefits**

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

#### **1.14 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.

#### **1.15 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.

#### **1.16 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.

#### **1.17 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.

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 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:

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Sale of confectionery	32,469,340	28,856,523
	<u>                    </u>	<u>                    </u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	32,447,319	28,831,523
Europe	22,021	25,000
	<u>                    </u>	<u>                    </u>
	32,469,340	28,856,523
	<u>                    </u>	<u>                    </u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	249,262	178,158
Grants received	-	125,812
	<u>                    </u>	<u>                    </u>

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



# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 4 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,373,472	(3,568,351)
Government grants	-	(125,812)
Depreciation of owned tangible fixed assets	415,138	497,409
Loss on disposal of tangible fixed assets	1,423	100,394
Amortisation of intangible assets	85,277	85,277
Operating lease charges	97,303	102,498

### 5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	40,000	71,380

### 6 Employees

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

	2022	2021
	Number	Number
Administration and finance	2	2
Distribution	3	3
Sales and marketing	227	226
Total	232	231

Aggregate employee remuneration (including Directors) comprised:

	2022	2021
	£	£
Wages and salaries	3,207,594	3,129,790
Social security costs	309,293	235,191
Pension costs	127,989	124,147
	3,644,876	3,489,128

## CLOETTA UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	171,737	150,041
Company pension contributions to defined contribution schemes	19,310	18,568
	<u>191,047</u>	<u>168,609</u>

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

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

#### 8 Interest receivable and similar income

	2022	2021
	£	£
<b>Interest income</b>		
Interest on bank deposits	23,096	178,158
Interest receivable from group companies	226,166	-
	<u>249,262</u>	<u>178,158</u>

#### 9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	56,633	21,961
Interest payable to group undertakings	-	116,479
	<u>56,633</u>	<u>138,440</u>

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Taxation

	2022 £	2021 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	306,716	18,001
Adjustment in respect of prior periods	4,682	73
	<u>311,398</u>	<u>18,074</u>
Total deferred tax	<u>311,398</u>	<u>18,074</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted on 24 May 2021 and this rate has been used to calculate the deferred tax balance.

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

	2022 £	2021 £
Loss before taxation	(7,594,177)	(1,626,498)
	<u>(7,594,177)</u>	<u>(1,626,498)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(1,442,894)	(309,035)
Tax effect of expenses that are not deductible in determining taxable profit	2,056	93
Change in unrecognised deferred tax assets	1,673,942	401,825
Effect of change in corporation tax rate	73,612	(74,736)
Deferred tax adjustments in respect of prior years	4,682	(73)
	<u>311,398</u>	<u>18,074</u>
Taxation charge for the year	<u>311,398</u>	<u>18,074</u>

### 11 Intangible fixed assets

	Software £	Distribution Rights £	Total £
<b>Cost</b>			
At 1 January 2022 and 31 December 2022	132,364	526,694	659,058
	<u>132,364</u>	<u>526,694</u>	<u>659,058</u>
<b>Amortisation and impairment</b>			
At 1 January 2022	113,044	196,676	309,720
Amortisation charged for the year	19,320	65,957	85,277
	<u>132,364</u>	<u>262,633</u>	<u>394,997</u>
At 31 December 2022	132,364	262,633	394,997
	<u>132,364</u>	<u>262,633</u>	<u>394,997</u>
<b>Carrying amount</b>			
At 31 December 2022	-	264,061	264,061
	<u>-</u>	<u>264,061</u>	<u>264,061</u>
At 31 December 2021	19,320	330,018	349,338
	<u>19,320</u>	<u>330,018</u>	<u>349,338</u>

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Intangible fixed assets

(Continued)

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 from 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.

### 12 Tangible fixed assets

	Assets under construction	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	147,505	3,157,438	40,250	3,345,193
Additions	2,316,919	-	-	2,316,919
Disposals	-	(744,023)	-	(744,023)
Transfers	(1,746,886)	1,746,886	-	-
At 31 December 2022	717,538	4,160,301	40,250	4,918,089
<b>Depreciation and impairment</b>				
At 1 January 2022	-	2,251,825	34,213	2,286,038
Depreciation charged in the year	-	409,101	6,037	415,138
Eliminated in respect of disposals	-	(742,600)	-	(742,600)
At 31 December 2022	-	1,918,326	40,250	1,958,576
<b>Carrying amount</b>				
At 31 December 2022	717,538	2,241,975	-	2,959,513
At 31 December 2021	147,505	905,613	6,037	1,059,155

There are no commitments in relation to contracted capital expenditure.

### 13 Stocks

	2022 £	2021 £
Finished goods and goods for resale	3,336,549	2,629,431

Finished goods are stated after provision for impairment of £88,332 (2021: £16,445)

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Debtors

	2022	2021
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	4,959,814	5,350,434
Amounts owed by group undertakings	17,251	23,095
Other debtors	7,454	8,298
Prepayments and accrued income	84,334	65,937
	<u>5,068,853</u>	<u>5,447,764</u>
Deferred tax asset (note 17)	-	311,398
	<u>5,068,853</u>	<u>5,759,162</u>

Trade debtors are stated after provision for impairment of £27,351 (2021: £40,234).

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

### 15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,699,265	1,866,314
Amounts owed to group undertakings	18,192,216	8,239,534
Taxation and social security	918,600	887,940
Other creditors	7,003	19,908
Accruals and deferred income	1,013,983	1,588,166
	<u>21,831,067</u>	<u>12,601,862</u>

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 three loans which have the following terms:

Two loans totalling £Nil (2021: Nil) were due for repayment on 1 October 2021 incurring interest at 1.225% of which £Nil (2021: £Nil) is reflected within creditors: amounts falling due within one year.

One loan is incurring interest of 1% of which £nil (2021: £nil) is reflected within creditors: amounts falling due within one year, and £7,580,270 (2021: £7,072,010) is recognised within Creditors: amounts falling due after more than one year.

### 16 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Amounts owed to group undertakings	<u>7,580,270</u>	<u>7,072,010</u>

## CLOETTA UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

##### 17 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:

	<b>Assets 2022 £</b>	<b>Assets 2021 £</b>
<b>Balances:</b>		
Accelerated capital allowances	(62,150)	(21,874)
Tax losses	57,703	328,590
Short term timing differences trading	4,447	4,682
	<u>-</u>	<u>311,398</u>
		<u><u>2022</u></u> <u>£</u>
<b>Movements in the year:</b>		
Asset at 1 January 2022		(311,398)
Charge to profit or loss		311,398
		<u>-</u>
Liability at 31 December 2022		<u><u>-</u></u>

Deferred tax is not recognised in respect of tax losses of £23,904,953 (2021: £15,084,499), which includes losses from Cloetta Dormant Limited transferred on merger of £4,897,221 (2021: £4,897,221), as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

##### 18 Retirement benefit schemes

	<b>2022 £</b>	<b>2021 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>127,989</u>	<u>124,147</u>

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 (2021: £nil).

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
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
	<u>3,015,621</u>	<u>3,015,621</u>	<u>3,015,621</u>	<u>3,015,621</u>
<b>Preference share capital</b>				
<b>Issued and fully paid</b>				
Preferred shares of £1 each	<u>76,650</u>	<u>76,650</u>	<u>76,650</u>	<u>76,650</u>
Preference shares classified as equity			<u>76,650</u>	<u>76,650</u>
<b>Total equity share capital</b>			<u>3,092,271</u>	<u>3,092,271</u>

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.

### 20 Equity reserve

	2022 £	2021 £
At the beginning and end of the year	<u>(6,000,703)</u>	<u>(6,000,703)</u>

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.

### 21 Capital redemption reserve

	2022 £	2021 £
At the beginning and end of the year	<u>4,379</u>	<u>4,379</u>

# CLOETTA UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 21 Capital redemption reserve

(Continued)

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

### 22 Capital contribution reserve

	2022 £	2021 £
At the beginning and end of the year	4,009,653	4,009,653

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

### 23 Profit and loss reserves

	2022 £	2021 £
At the beginning of the year	(10,982,386)	(9,337,814)
Loss for the year	(7,905,575)	(1,644,572)
At the end of the year	(18,887,961)	(10,982,386)

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

### 24 Financial commitments, guarantees and contingent liabilities

On the bank agreement there is a £1.25m clearing service which has been guaranteed by Cloetta AB.

### 25 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:

	2022 £	2021 £
Within one year	103,283	96,873
Between two and five years	68,683	90,016
	171,966	186,889



## **CLOETTA UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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#### **26 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.

#### **27 Ultimate controlling party**

The immediate parent Company of Cloetta UK Limited is 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](http://cloetta.com).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.