

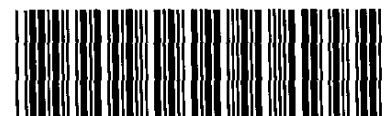
UCC Coffee UK Limited

Annual report and financial statements

Registered number 2159182

31 December 2019

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Contents

Strategic report	3
Directors' report	7
Statement of directors' responsibilities in respect of the annual report and the financial statements	9
Profit and Loss Account and Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	13
Notes	14

Strategic report

Principal activities

The principal activity of the Company during the year was as general merchants, traders of coffee and coffee dispensing equipment.

Business review

The Company has continued to perform strongly in the year to 31 December 2019, coffee and machine volume was broadly similar to 2018, with growth driven from an expanding machine installed base. The Operating profit in 2019 was £6,938,717 (2018: £4,127,765). The Company structure and sales strategy is split into four key revenue streams:

- Coffee;
- Side Products;
- Coffee Equipment; and
- Service and spare parts

The Company has offices in the UK and Ireland, aligned to the geographical split of sales. The Company does sell into Europe which is a growing area of the business. The Company has experienced pressures on gross margin as a result of falling foreign exchange rates, CHF against GBP, linked to Brexit increasing the purchase price of coffee equipment and spare parts. The coffee market in the UK is highly competitive, resulting in further pressure on the Company's gross coffee margin in 2019.

The Company successfully retained existing foodservice customers and maximised sales opportunities by assisting these customers to grow their beverage categories. The Company sells coffee, equipment, side products and coffee machine maintenance to customers across a wide range of sectors including contract catering, restaurants, hotels, take home retail and leisure. The increase in machine sales to new customers will generate excellent revenue opportunities for the coming years. Management is confident that UCC Coffee UK Limited is extremely well positioned to meet future objectives and growth targets.

In 2019 the Company adopted IFRS 16 'Leases' which has had a minimal overall impact on the Company profit and loss account in 2019. The table below reconciles the figures in the financial statements and the figures before any adjustment for IFRS 16:

<i>GPB (millions)</i>	2019 Reported	IFRS 16 Adjustments	2019 Adjusted
Profit & Loss Account			
Gross profit	40.3	(0.0)	40.3
Operating profit	6.9	(0.1)	6.8
Profit for the financial year	5.6	0.1	5.7
Balance Sheet			
Net assets	38.5	0.1	38.6

Business Risks

The Group has in place a risk evaluation monitoring and reduction policy which the Company also adopts. The key areas of risk exposure are price, credit, interest and currency. The exposure to these risks is monitored and action taken to reduce the risks where appropriate.

Credit Risk

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers, both new and existing based on set criteria. All overdue debts are

monitored regularly with a documented dunning process implemented during 2011. At the balance sheet date there were no significant areas of credit risk not covered.

Interest Rate Risk

The Company's exposure to interest at floating rates is regularly evaluated and action would be taken to mitigate exposure if thought necessary. The Company is currently comfortable with the interest rate risk and level of exposure.

Foreign Currency Risk

The Company is exposed to foreign currency risk on sales, purchases and intergroup accounts which are denominated in a currency other than Sterling. The Company implemented a new foreign currency hedging policy at the end of 2011 to mitigate the risk of foreign currency rate movements against GBP. The Company continues to monitor exchange rates in line with the implemented policy.

Brexit

The United Kingdom (UK) held a referendum on 23 June 2016 voting in favour of leaving the European Union (EU). On 29 March 2017 the British Government tendered its formal notice to withdraw from the EU pursuant to Article 50 of the Lisbon Treaty with an effective date of 29 March 2019. The UK formally left the EU on 31 January 2020 and has entered into a transition period that ends on 31 December 2020.

The principal risk lies where no agreement is reached with the EU, specifically a trade deal, which would bring added risk and complexity to our UK operations include the sourcing of coffee machines; and sales of coffee and machines from our UK operation to customers within the EU, which could also incur duty charges potentially impacting our competitiveness.

The Company has plans in place to mitigate the risk of Brexit where possible including moving manufacture of goods from the UK to other factories within the EU and sourcing coffee machines directly to our warehouses in the EU to avoid import and export tariffs in the UK.

Coronavirus (COVID-19)

The increasing spread of coronavirus globally poses a potential risk to the Company. The virus has touched all corners of the world with governments implementing various containment strategies to curb the spread, in particular lockdown restrictions where social distancing is mandatory and cafes, bars and restaurants are closed. As a result, the virus has impacted the Company through loss of sales to bars, cafes and restaurants and could potentially result in disruption to our supply chain, factory closures and our ability to deliver goods to customers.

Whilst revenues to traditional coffee shops and cafes have decreased as populations are told to remain isolated, this is being somewhat offset by increased sales to retailers as people stockpile their homes. The Company is mitigating the risk of coronavirus to our business through:

- Use of government support schemes such as furloughing of employees that are directly involved in the production and sale of goods and services to customers that are unable to operate due to government lockdown policies and various administrative roles;
- Workers are, and will continue to be checked on arrival to factories prior to admission for high temperatures or any other symptom of COVID-19 to prevent widescale breakouts; and
- The Group operates several factories across Europe and disaster recovery plans are in place should a factory close due to an outbreak of coronavirus.

Key Performance Indicators

- Stock levels are measured in days of stock holdings;
- Trade debtors are monitored for being overdue and average days outstanding;
- Trade creditors are monitored in relation to the level of purchasing;
- Non trade debtors and creditors are monitored in relation to their impact on cash flow;
- Coffee performance is measured by tonnage and marginal contribution (MC) per kilogram of coffee sold;
- Machine performance is measured by units sold and gross margin per machine;
- Service and maintenance is measured against agreed service level agreements (SLAs); and
- Employee engagement through 360 degree annual reviews.

Going concern

The Board remains confident about the future prospects of the Company and has continued to adopt the going concern basis in preparing the financial statements. The reasons supporting this view are set out in note 1 to the financial statements.

In making this assessment the Directors have also considered the potential impact of the COVID-19 pandemic on Company cash flows and liquidity over the 12 month period from the date of approval of these financial statements. This assessment also takes into account the measures available to the Company to preserve cash and reduce discretionary expenditure during a period when some customers (e.g. hotels, restaurants, cafes) have had to temporarily close their premises as a result of enforcement action by the UK government, therefore impacting our sales of coffee and coffee machines in the UK market.

Our revised forecasts considered the current government measures in place as well as a gradual lifting of those restrictions over the next 12 months. This scenario assumes the Company's Operating Profit will be significantly lower than the Board's expectations prior to the COVID-19 pandemic. The Directors have concluded that the potential impact of the COVID-19 pandemic described above and uncertainty over possible mitigating actions represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, having assessed the combination of these various options the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months. For these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

Section 172(1) statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

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

During 2019 the Board undertook a variety of activities to engage with stakeholders:

Approval of the annual budget and three year plan

This year's budget and rolling three year plan were approved by the Board following a comprehensive review of our strategic priorities and risks to our business including business interruption. Our plans are demanding but will position the Company well whilst honouring our commitments to our stakeholders. The annual budget and three year plans have been communicated to all employees both digitally and through townhall meetings.

Customers

The Board is constantly receiving feedback from customers through account managers in order to understand their needs and changes in the market as well as working with our customers in order to offer superior products based on the innovations made by our R&D teams. The Board recognise its importance in the supply chain to our customers and strive to ensure we deliver products on time and of the highest quality.

Employees

The Board is committed to both the training and development of employees and the retention of key personnel. The budget and three year plan include significant expenditure on Human Resources including further investment in this area to support learning and development initiatives for employees. Moreover, new projects are in place to develop succession planning in order to support the long term growth of the Company and Group.

Capital expenditure

The Board continues to invest heavily in capital expenditure. A major tool underpinning the change in Company and Group organisation and processes is the implementation of a new Enterprise Resource Planning ('ERP') software which is currently in progress. The development of the ERP system is being accomplished through the involvement of employees throughout the Company and Group as we come together as one to determine best practice.

The new ERP will ultimately improve internal controls and the tools available for our employees and allow more in-depth analysis functionality which will drive the performance of the Company.

Suppliers/Sustainability and Community

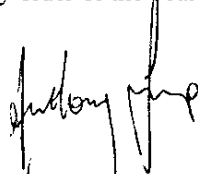
This year the Group Board took steps through formation of a dedicated department. This team will support the development and implementation of a Company and Group strategy which takes into account the material social, environmental and economic challenges facing our business, our communities and our planet; plus will promote and foster awareness across our company through in-house presentations, capacity building and governance activities.

The Board will continue to invest considerable resource in this area, including the development of new eco-friendly product offerings; reducing our operating site environmental impacts through carbon footprint assessment; and expansion of our responsible and ethical business practices through formation of supply chain policies and due diligence processes. We continue to work closely with our customers to develop innovative and sustainable products and solutions which meet their strategic social and environmental goals.

Future outlook

Whilst 2020 is set to be another challenging year we believe the Company has strong strategic plans to remain competitive, maintain market share and improve our profitability, whilst continuing to provide the products and service levels that our customers expect.

By order of the board



Mr A Jessup
Director

2 Bradbourne Drive
Tilbrook, Milton Keynes
Buckinghamshire
MK7 8AT

Directors' report

Environment

All our coffee is sourced from sustainable farms that are 100% Fairtrade, Organic or Rainforest Alliance certified and our new triple-certified coffee includes all three. We partner with companies who look after the environment; we're developing fully recyclable coffee machines and all our water filters are recycled, through our partnership with BRITA. We encourage car-sharing and only use resources when there is a genuine need. We are developing our sustainability strategy to further improve and enhance our environmental commitment.

Dividends

Interim dividends of £3,508,000 were paid during the year (2018: £3,542,000). No final dividends are proposed (2018: £nil).

Directors

The directors who held office during the year were as follows:

Mrs E Swift	(British)	
Mr P Cooke	(British)	
Mr A Jessup	(British)	
Ms L Turrell	(British)	
Mr M Swift	(British)	
Mr S Ueshima	(Japanese)	(Resigned 13 September 2019)
Mr P Molyneux	(British)	(Appointed 13 September 2019)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Employees

We are dedicated in investing in our staff as they are our most valuable asset. We nurture our team and empower them to make their own decisions to create an engaged and motivated workforce. Every team member has a training and personal development plan, which not only benefits the business and the service our customers receive but gives each individual the opportunity to develop and learn new skills.

Charitable and political contributions

During the period the Company made no political or charitable donations (2018: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

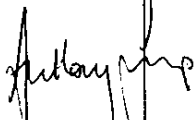
Subsequent events

In March 2020 the UK Government announced lockdown restrictions including the closure of a portion of our customer base, such as hotels, restaurants and cafes, as part of Government COVID-19 containment plans. The extent of this period of closure and actions by consumers once these have reopened are uncertain.

Downside scenario forecasting indicates a fall in the Company's Operating Profit in 2020 compared to the Board's expectations prior to development of the COVID-19 pandemic. The impact of these matters on the Group's ability to continue as a going concern is set out the Strategic Report.

Despite the potential reduction in Operating Profit, the Directors do not currently expect an impairment of goodwill, other intangibles, property, plant and equipment and right of use assets based on the projected headroom available. The Company is also witnessing very strong demand from retailers, which partially offsets a fall in demand from Out of Home and machinery sales. Following its enquiries, the directors are also of the opinion that the fall in demand will be recovered as lockdown measures are gradually relaxed.

By order of the board



Mr A Jessup
Director

2 Bradbourne Drive
Tilbrook, Milton Keynes
Buckinghamshire
MK7 8AT

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101').

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Profit and Loss Account
for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2	109,427,063	110,026,078
Cost of sales		(69,143,283)	(73,182,249)
Gross profit		40,283,780	36,843,829
Distribution costs		(12,848,286)	(11,970,257)
Administrative expenses		(20,496,777)	(20,745,807)
Operating profit	3,4,5	6,938,717	4,127,765
Other interest receivable and similar income	6	30,784	14,159
Interest payable and similar charges	7	(256,172)	(51,516)
Profit on ordinary activities before taxation		6,713,329	4,090,408
Tax on profit on ordinary activities	8	(1,106,588)	(128,446)
Profit for the financial year		5,606,741	3,961,962

Other Comprehensive Income
for the year ended 31 December 2019

	2019 £	2018 £
Profit for the year	5,606,741	3,961,962
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income for the year	5,606,741	3,961,962

Balance Sheet
At 31 December 2019

	<i>Note</i>	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	<i>9</i>		1,228,108		1,228,108
Tangible assets	<i>10</i>		16,416,708		6,137,996
			<hr/>		<hr/>
			17,644,816		7,366,104
Current assets					
Stocks	<i>11</i>	17,730,737		21,472,000	
Debtors	<i>12</i>	23,109,083		27,134,280	
Cash at bank and in hand		20,092,784		17,541,741	
		<hr/>		<hr/>	
		60,932,604		66,148,021	
Creditors: amounts falling due within one year	<i>13</i>	(35,234,433)		(34,800,966)	
		<hr/>		<hr/>	
Net current assets			25,698,171		31,347,055
			<hr/>		<hr/>
Total assets less current liabilities			43,342,987		38,713,159
Creditors: amounts falling due after more than one year	<i>14</i>		(4,285,015)		(1,090,776)
Provisions for liabilities					
Other provisions	<i>17</i>		(550,000)		(1,213,152)
			<hr/>		<hr/>
Net assets			38,507,972		36,409,231
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>19</i>		1,031		1,031
Profit and loss account			38,506,941		36,408,200
			<hr/>		<hr/>
Shareholders' funds			38,507,972		36,409,231
			<hr/>		<hr/>

Audit exemption statement

For the year ending 31st December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.
- the directors acknowledge their responsibilities for complying with the requirements of the companies Act 2006 with respect to accounting records and the preparation of accounts

The notes on pages 11 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 14 December 2020 and were signed on its behalf by:



Anthony Jessup

Director

Company No: 2159182

Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2018	1,031	35,988,238	35,989,269
Total comprehensive income for the period			
Profit	-	3,961,962	3,961,962
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	3,961,962	3,961,962
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity:			
Issue of shares	-	-	-
Own shares acquired	-	-	-
Disposal of own shares	-	-	-
Equity-settled share based payment transactions	-	-	-
Dividends	-	(3,542,000)	(3,542,000)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(3,542,000)	(3,542,000)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	1,031	36,408,200	36,409,231
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2019	1,031	36,408,200	36,409,231
Total comprehensive income for the period			
Profit	-	5,606,741	5,606,741
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	42,014,941	42,015,972
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity:			
Issue of shares	-	-	-
Own shares acquired	-	-	-
Disposal of own shares	-	-	-
Equity-settled share based payment transactions	-	-	-
Dividends	-	(3,508,000)	(3,508,000)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(3,508,000)	(3,508,000)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	1,031	38,506,941	38,507,972
	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

UCC Coffee UK Ltd (the “Company”) is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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

The Company’s ultimate parent undertaking, UCC Holdings Co Ltd includes the Company in its consolidated financial statements.

The consolidated financial statements of UCC Europe Ltd are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 2nd Floor, Craven House, 40-44 Uxbridge Road, Ealing, W5 2BS.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of UCC Europe Ltd include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

New and amended standards and interpretations

The Company applied IFRS 16 *Leases* and the adoption of this new accounting standard is described below.

IFRS 16 Leases

Upon adoption of IFRS 16, the Company recognised lease liabilities in relation to leases previously classified as operating leases under IAS 17 *Leases*. A lessee is required to:

- Recognise a lease liability measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of initial application.
- Measure the right-of-use asset on a lease by lease basis, at either:
 - It’s carrying amount as if IFRS 16 had always been applied since the commencement date, but using a discount rate based on the lessee’s incremental borrowing rate at the date of initial application or
 - An amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments.

Notes (continued)

1. Accounting policies (continued)

The Company applied IFRS 16 Leases using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method the standard is applied there is no impact on brought forward retained earnings since value of the right-of-use asset is equal to the present value of the remaining lease payments. The new accounting policies are disclosed in Note 20.

The Company applied the following transition practical expedients:

- Applying a single discount rate to a portfolio of leases with similar characteristics
- Relying on its assessment of whether leases are onerous applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. There were no onerous leases as at 1 January 2019.
- Operating leases with a remaining lease term of less than 12 months as at 1 January 2019 have been accounted for as short term loans
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. The Company has relied on its assessment applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease* for contracts entered into before the transition date.

The lease liability recognised as at 1 January 2019 differs to the operating lease commitment note disclosed in the 2018 Financial Statements primarily due to discounting using the incremental borrowing rate at the date of initial application.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 3.

Having reviewed the Company's operations, its financial position, liquid resources and banking facilities, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and believe the company is well placed to manage its business risks successfully, despite the current uncertain economic future.

The company is self-funding and is expected to generate positive cash flows (before dividend payments) on its own account for the foreseeable future.

The directors have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Notes (continued)

1. Accounting policies (continued)

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold buildings period of lease
- Plant and equipment 3 - 20 years
- Fixtures and fittings 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised.

The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out and weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.8 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding

Notes (continued)

1. Accounting policies (continued)

of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be

Notes (continued)

1. Accounting policies (continued)

required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Maintenance contract income is recognised in accordance with UITF 40 and deferred income represents the portion of maintenance contract income relating to future accounting periods. Revenue is measured at the value of the consideration received or receivable and consideration is net of trade discounts and volume rebates.

1.12 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.14 Leases

Company as a lessee

The Company has changed its policy for leases where the Group is a lessee. The new policy is set out in Note 20.

Until 31 December 2018, assets held under finance leases, which transferred to the Company substantially all the risks and benefits incidental to ownership of the leased item, were capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments were apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases were depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retained a significant portion of the risks and benefits of ownership of the asset were classified as operating leases and rentals payable were charged in the income statement on a straight line basis over the lease term.

Company as a lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Notes (continued)

1. Accounting policies (continued)

Critical judgement in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination periods) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings, the following factors are usually the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If there is a material cost to relocate, the Company is typically reasonably certain to extend (or not terminate).
- If there is a material negative commercial impact of relocating, the Group is typically reasonably certain to extend (or not terminate).

The lease term is reassessed if an option is actually exercised (or not exercised). The assessment of reasonably certain is only revised if a significant event or a significant change in circumstances occurs which affects this assessment.

Critical judgement in determining the discount rates in valuation of Right-of-Use assets

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate is used based on the rate that would be incurred to borrow the funds for an asset of similar value with similar terms.

Notes (continued)

2 Turnover

	2019	2018
	£	£
By type:		
Sale of goods	75,373,432	79,925,000
Rendering of services	34,053,631	30,101,078
	<hr/>	<hr/>
	109,427,063	110,026,078
	<hr/>	<hr/>
By activity:		
Coffee	50,052,008	55,202,000
Machines	18,062,469	17,971,000
Side Products	7,258,955	6,752,000
Service	34,053,631	30,101,078
	<hr/>	<hr/>
	109,427,063	110,026,078
	<hr/>	<hr/>
By geographical market:		
United Kingdom	89,183,526	90,486,064
Overseas	20,243,537	19,540,014
	<hr/>	<hr/>
	109,427,063	110,026,078
	<hr/>	<hr/>

3 Expenses and auditor's remuneration

Included in profit are the following:

Auditor's remuneration:

	2019	2018
	£	£
Audit of these financial statements	75,032	54,033
Amounts receivable by the company's auditor and its tax advisors in respect of:		
Taxation compliance services	20,000	22,474
Tax advisory services	83,019	170,161
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2019 No.	2018 No.
Direct Employees (Field Service, Distribution, etc.)	320	301
Indirect Employees (Sales, Administration, etc)	220	212
Management	22	22
	<hr/> 562	<hr/> 535

The aggregate payroll costs of these persons were as follows:

	2019 £	2018 £
Wages and salaries	18,165,693	17,001,953
Social security costs	1,854,887	1,681,782
Contributions to defined contribution plans	421,912	318,893
	<hr/> 20,442,492	<hr/> 19,002,628

5 Directors' remuneration

	2019 £	2018 £
Directors' remuneration	1,049,184	1,039,852
Company contributions to money purchase pension plans	45,960	44,232
	<hr/>	<hr/>

The aggregate of remuneration of the highest paid director was £329,116 (2018: £381,600), and company pension contributions of £21,276 (2018: £20,155) were made to a money purchase scheme on her behalf.

	Number of directors 2019	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	5	5
Defined benefit schemes	-	-
	<hr/>	<hr/>

Notes (continued)

6 Other interest receivable and similar income

	2019 £	2018 £
Bank interest	30,784	14,159
Total interest receivable and similar income	30,784	14,159

7 Interest payable and similar charges

	2019 £	2018 £
On loans and overdrafts	43,520	48,979
On lease liabilities	187,753	-
Other interest payable	24,899	2,537
Total interest payable and similar charges	256,172	51,516

Of the above amount £43,520 (2018: £48,979) was payable to group undertakings.

8 Taxation

Recognised in the profit and loss account

	2019 £	2019 £	2018 £	2018 £
<i>UK corporation tax</i>				
Current tax on income for the period	702,213		326,695	
Adjustments in respect of prior periods	186,981		(370,027)	
Adjustments in respect of prior periods (foreign tax)	-		226,212	
Total current tax		889,194		182,880
<i>Deferred tax (see note 16)</i>				
Origination and reversal of temporary differences	155,778		28,102	
Adjustments in respect of prior periods	61,616		(82,536)	
Total deferred tax		217,394		(54,434)
Tax on profit on ordinary activities		1,106,588		128,446

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2019 £	2018 £
Profit for the year	5,606,741	3,961,962
Total tax expense	1,106,588	128,446
	<hr/>	<hr/>
Profit excluding taxation	6,713,329	4,090,408
Tax using the UK corporation tax rate of 19.00% (2018: 19.00%)	1,275,533	777,178
Fixed asset differences	26,089	27,499
Expenses not deductible for tax purposes	29,226	38,954
Adjustments to brought forward values	-	-
Group relief (claimed)	(454,530)	(485,528)
Adjustment to tax charge in respect of previous periods	186,981	(143,815)
Adjustment to tax charge in respect of previous periods - deferred tax	61,616	(82,536)
Adjust closing deferred tax to average rate of 19.00%	61,192	86,767
Adjust opening deferred tax to average rate of 19.00%	(79,519)	(90,073)
Impact of exchange differences	-	-
Deferred tax not recognised	-	-
	<hr/>	<hr/>
Total tax expense	1,106,588	128,446
	<hr/>	<hr/>

Notes *(continued)*

9 Intangible assets

	Goodwill £
Cost	
Balance at 1 January 2019	1,569,477
	<hr/>
Balance at 31 December 2019	1,569,477
	<hr/> <hr/>
Amortisation and impairment	
Balance at 1 January 2019	341,369
	<hr/>
Balance at 31 December 2019	341,369
	<hr/> <hr/>
Net book value	
At 1 January 2019	1,228,108
	<hr/>
At 31 December 2019	1,228,108
	<hr/> <hr/>

Impairment testing

B&C Services Limited was acquired by UCC Coffee UK Limited (formerly First Choice Coffee Limited) in February 2000. This strategic acquisition enabled UCC Coffee UK Limited to gain valuable coffee machine technical expertise from the existing management team, most of whom are still employed by UCC Coffee UK Limited in 2019. Key service contracts were also transferred to UCC Coffee UK Limited as part of the acquisition, the majority of these contracts remain existing customers in 2019. UCC Coffee UK Limited undertake an annual impairment test against the goodwill recognised as part of the acquisition of B&C Services Limited. All of the existing service contracts are income generating in 2019, significantly exceeding the carrying value of the intangible asset. Therefore it is concluded that there is no impairment to the intangible asset relating to the purchase of B&C Services Limited.

Notes (continued)

10 Tangible fixed assets

	Land and buildings £	Plant and equipment £	Fixtures & fittings £	Right of use assets £	Total £
Cost					
Balance at 1 January 2019	3,050,909	10,711,891	5,736,499	-	19,499,299
Transition adjustment	-	-	-	3,733,123	3,733,123
Other acquisitions	207,398	8,088,832	548,999	2,262,332	11,107,561
Disposals	-	(832,880)	-	-	(832,880)
Balance at 31 December 2019	3,258,307	17,967,843	6,285,498	5,995,455	33,507,103
Depreciation and impairment					
Balance at 1 January 2019	1,494,328	6,606,439	5,260,536	-	13,361,303
Depreciation charge for the year	306,177	2,530,288	362,314	1,363,193	4,561,972
Disposals	-	(832,880)	-	-	(832,880)
Balance at 31 December 2019	1,800,505	8,303,847	5,622,850	1,363,193	17,090,395
Net book value					
At 1 January 2019	1,556,581	4,105,452	475,962	-	6,137,995
At 31 December 2019	1,457,802	9,663,996	662,648	4,632,262	16,416,708

Land and Buildings

The net book value of land and buildings comprises:

	2019 £	2018 £
Freehold	-	-
Long leasehold	-	-
Short leasehold	1,457,802	1,556,581
	1,457,802	1,556,581

11 Stocks

	2018 £	2018 £
Raw materials and consumables	2,321,971	3,091,795
Finished goods	15,408,766	18,380,205
	17,730,737	21,472,000

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £65,585,143 (2018: £69,670,977).

Notes (continued)

12 Debtors

	2019 £	2018 £
Trade debtors	20,445,387	22,113,153
Amounts owed by group undertakings	187,285	881,866
Other Debtors	-	-
Deferred tax assets (see note 16)	520,129	737,523
Prepayments and accrued income	1,956,282	3,401,738
Due within one year	23,109,083	27,134,280

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Obligations under finance leases	1,173,483	-
Trade creditors	14,455,070	15,689,156
Amounts owed to group undertakings	5,101,882	7,996,840
Taxation and social security	638,647	1,059,269
Other creditors	3,123,300	304,069
Accruals and deferred income	10,547,764	9,751,632
Interest Payable	194,287	-
	35,234,433	34,800,966

14 Creditors: amounts falling after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	913,434	1,090,776
Obligations under finance leases	3,371,581	-
	4,285,015	1,090,776

Notes (continued)

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019 £	2018 £
Creditors falling due more than one year		
Amounts owed to group undertakings	913,434	1,090,776
	<u>913,434</u>	<u>1,090,776</u>

Included within the above are amounts repayable after five years by instalments of £nil (2018: £735,000).

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2019 £	Carrying amount 2019 £	Face value 2018 £	Carrying amount 2018 £
UCCE Europe Finance Limited	Euro	4.28%	N/A	913,434	913,434	1,090,776	1,090,776
				<u>913,434</u>	<u>913,434</u>	<u>1,090,776</u>	<u>1,090,776</u>

Notes (continued)

16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £	Assets 2018 £	Liabilities 2019 £	Liabilities 2018 £	Net 2019 £	Net 2018 £
Tangible fixed assets	411,111	572,916	-	-	411,111	572,916
Other	109,018	164,607	-	-	109,018	164,607
Net tax assets / (liabilities)	520,129	737,523	-	-	520,129	737,523

Movement in deferred tax during the year

	1 January 2019 £	Recognised in income £	Recognised in equity £	31 December 2019 £
Tangible fixed assets	572,916	(161,805)	-	411,111
Other	164,607	(55,589)	-	109,018
	737,523	(217,394)	-	520,129

Movement in deferred tax during the prior year

	1 January 2018 £	Recognised in income £	Recognised in equity £	31 December 2018 £
Tangible fixed assets	529,092	43,824	-	572,916
Other	153,997	10,610	-	164,607
	683,089	54,434	-	737,523

17 Provisions

	Provisions £
Balance at 1 January 2019	1,213,152
Provisions made during the year	-
Provisions used during the year	(663,152)
Balance at 31 December 2019	550,000

A £550,000 provision is held against the two principle UCC Coffee U Limited buildings, The Roastery Facility, Riverside Way, Dartford, Kent DA1 5BS and 2 Bradbourne Drive, Tilbrook, Milton Keynes, MK7 8AT. The Dartford lease expires in December 2030, the Milton Keynes lease expires in March 2026. A tax provision of £663,152 was recognised in 2017 linked to the supply of maintenance services in Ireland. All maintenance service revenue should be charged at the standard VAT rate in Ireland as cross border exemptions do not apply as the service is performed in Ireland. This historical tax liability has now been settled and the remaining provision released.

Notes (continued)

18 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £421,912 (2018: £318,893)

19 Capital

Share capital

	Ordinary shares	
	2019	2018
On issue at 1 January	1,031	1,031
Issued for cash	-	-
	<hr/>	<hr/>
On issue at 31 December – fully paid	1,031	1,031
	<hr/>	<hr/>
	2019	2018
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,031	1,031
	<hr/>	<hr/>
	1,031	1,031
	<hr/>	<hr/>
Shares classified in shareholders' funds	1,031	1,031
	<hr/>	<hr/>
	1,031	1,031
	<hr/>	<hr/>

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

Dividends

The following dividends were recognised during the period:

	2019	2018
	£	£
£3,402.5218 (2018: £3,435.4995) per qualifying ordinary share	3,508,000	3,542,000
	<hr/>	<hr/>
	3,508,000	3,542,000
	<hr/>	<hr/>

Notes (continued)

20 Leases

a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2019 £
Right-of-use assets (Note 10)	
Machinery and equipment	-
Land and buildings	4,046,018
Vehicles	1,908,012
Other operating assets	41,425
	<u>5,995,455</u>
Lease liabilities	
Current	1,173,483
Non-Current	3,371,581
	<u>4,545,064</u>

b) Amounts recognised in the profit and loss account

The profit and loss account show the following amounts relating to leases:

	2019 £
Depreciation charge on right-of-use assets	
Machinery and equipment	-
Land and buildings	466,226
Vehicles	883,159
Other operating assets	13,808
	<u>1,363,193</u>
Expense relating to short-term leases	-
Expense relating to low value assets that are not shown as short-term assets above	-
Expense relating to variable lease payments that are not included within lease liabilities	-

c) The Company's leasing activities and how they are accounted for

The Company leases various offices, warehouses, equipment and vehicles. Rental contracts are typically for fixed periods of 1 month to 10 years but may have options to extend the lease as described in e) below.

Contracts may contain lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- Payments of penalties for termination of the lease if the Company is reasonably certain to incur this.

Notes (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which is not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measure of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful economic life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the value of the right-of-use asset is depreciated over the asset's useful economic life.

Payments for short-term leases and low value assets are recognised on straight line basis as an expense in profit or loss. Short term leases are leases with a term of 12 months or less, typically for warehouses and machinery, whereas low value assets typically comprise of IT equipment.

d) Variable lease payments

Some leases contain variable lease payments, typically property leases that include service charges and car leases including insurance costs.

e) Extension and termination options

Extension and termination options are included in some property leases and are exercisable by the Company.

d) Impact of IFRS 16 on financial statements

The table below shows the impact of IFRS 16 on the financial statements:

<i>GPB (millions)</i>	2019 Reported	IFRS 16 Adjustments	2019 Adjusted
Profit & Loss Account			
Gross profit	40.3	(0.0)	40.3
Operating profit	6.9	(0.1)	6.8
Profit for the financial year	5.6	0.1	5.7
Balance Sheet			
Net assets	38.5	0.1	38.6

21 Subsidiaries

<i>Name</i>	<i>Location</i>	<i>Share in issued capital</i>
UCC Coffee Ireland Ltd	Portlaoise, County Laois, ROI	100%

Notes (continued)

22 Related parties

White Leopard Holdings Limited is regarded as a related party to UCC Coffee UK Limited by virtue of having common directorship control. White Leopard Holdings Limited owns 90% of the ordinary shares in Cygnus Limited, a company that provides Creative and Digital design work for UCC Coffee UK Limited, the amount paid to Cygnus Limited during the financial year is disclosed in the table below along with the outstanding balance as at 31st December 2019.

	Amounts paid	Amounts paid	Creditors outstanding	Creditors outstanding
	2019	2018	2019	2018
	£	£	£	£
Cygnus Limited	270,882	375,190	95,038	41,425
	<u>270,882</u>	<u>375,190</u>	<u>95,038</u>	<u>41,425</u>

23 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of UCC Holdings Co Ltd which is the ultimate parent company, incorporated in Japan. The ultimate controlling party is UCC Europe Ltd which owns 100% of the share capital of the Company.

The largest group in which the results of the Company are consolidated is that headed by UCC Holdings Co Ltd, incorporated in Japan. The smallest group in which they are consolidated is that headed by UCC Europe Ltd incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from 2nd Floor, Craven House, 40-44 Uxbridge Road, Ealing, W5 2BS.

24 Accounting estimates and judgements

The Company is not aware of any transactions in the financial statements that rely on estimations that are uncertain as the balance sheet date.