

Registered number: 03433202

DIVINE CHOCOLATE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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DIVINE CHOCOLATE LIMITED
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DIVINE CHOCOLATE LIMITED
COMPANY INFORMATION

Directors

C Budde
F Ali
N Adubofour
S Bundy
J Rypholz (appointed 1 July 2022)

Registered number

03433202

Registered office

Sustainable Workspaces
Riverside Building County Hall
3rd Westminster Bridge Road
London
SE1 7PB

Independent auditor

Blick Rothenberg Audit LLP
Chartered Accountants & Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

DIVINE CHOCOLATE LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Introduction

The directors present the strategic report and financial statements for the year ended 30 June 2022.

The principal activity of the group during the year was the marketing and distribution of fair trade chocolate products.

Business review

The profit and loss account on page 10 of the financial statements provides a summary of the group's trading results for the year.

The company's turnover of £10,904,504 (2021: £12,215,023) shows a fall of 10.7% on last year, primarily owing to a reduction in customer demand for luxury products. The performance and results for the year are in line with the directors' expectations.

Over the last year we have continued our work with cocoa farmers in Ghana, the cocoa farmers in Sao Tome who supply our fair trade organic range, and supporting cocoa farmers living in the Gola Rainforest in Sierra Leone. This work is completed through our Producer Support and Development fund where the projects we undertake have included labour rights, sustainable agriculture, empowerment of women, and learning and literacy.

We also continue to support the sugar farmers in Malawi.

The directors continue to review the business and industry to minimise or mitigate the risks that are prevalent in a commercial and uncertain environment.

Principal risks and uncertainties

The principal risk to the group continues to be the uncertain economic environment, including rising costs, and the changing nature of the environments in which our customers operate.

The group has mitigated this risk with effective management of its cost base, new product innovation and a focus on markets with the greatest potential. It also has the continued manufacturing support of the wider group it is a member of.

The financial instruments used by the group arise wholly and directly from its activities. The main financial instruments comprise trade debtors, cash at bank, bank loans, group borrowings and trade creditors. The financial risks arising from these financial instruments are considered low. The group maintains excellent terms with preferred suppliers and their credit partners.

The group continues to trade with the support of its majority shareholder. Working capital will continue to be monitored on a regular basis by the directors.

Financial key performance indicators

Divine continues to closely monitor both rates of sale in its key customers and customer contribution to overheads.

The group has effective governance and the reporting of key performance indicators to ensure optimal business performance, including monthly reporting of key metrics to the board.

DIVINE CHOCOLATE LIMITED

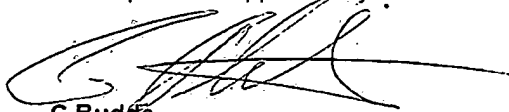
**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Other key performance indicators

The business continues to develop new products. Key listings for the organic range are being negotiated in the US.

Key performance indicators are maintained across all parts of the business to ensure we are constantly monitoring and challenging our results.

This report was approved by the board and signed on its behalf.



C Budde
Director

Date: 20.06.22

DIVINE CHOCOLATE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Results and dividends

The loss for the year, after taxation, amounted to £1,133,586 (2021 - loss £304,441).

The directors do not recommend a dividend.

Directors

The directors who served during the year were:

C Budde
F Ali
N Adubofour
S Bundy
J Lindemann (resigned 1 July 2022)

On 1 July 2022 J Rypholz was appointed as a director.

Future developments

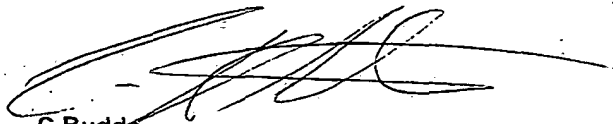
The group is expected to grow its customer base in 2023.

Matters covered in the Group strategic report

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Disclosure of information to auditor

This report was approved by the board and signed on its behalf.



C Budde
Director

Date: 20.06.2023

DIVINE CHOCOLATE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIVINE CHOCOLATE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIVINE CHOCOLATE LIMITED FOR THE YEAR ENDED 30 JUNE 2022

Opinion

We have audited the financial statements of Divine Chocolate Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022, which comprise the Group profit and loss account, the Group statement of comprehensive income, the Group and Company balance sheets, the Group statement of cash flows, the Group and Company statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 30 June 2022 and of the Group's 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

DIVINE CHOCOLATE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIVINE CHOCOLATE LIMITED (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

DIVINE CHOCOLATE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIVINE CHOCOLATE LIMITED (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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 Group 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management, and from our commercial knowledge and experience of the group's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

DIVINE CHOCOLATE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIVINE CHOCOLATE LIMITED
(CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HM Revenue and Customs.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Blick Rothenberg Audit LLP

Mahmood Ramji (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 20/06/2023

DIVINE CHOCOLATE LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £	2021 £
Turnover	4	10,904,504	12,215,023
Cost of sales		(7,147,874)	(8,416,990)
Gross profit		3,756,630	3,798,033
Administrative expenses		(4,865,794)	(4,351,714)
Other operating income	5	16,706	279,507
Operating loss	6	(1,092,458)	(274,174)
Interest receivable and similar income	9	179	2,197
Interest payable and similar expenses	10	(40,413)	(31,021)
Loss before tax		(1,132,692)	(302,998)
Tax on loss	11	(894)	(1,443)
Loss for the financial year		(1,133,586)	(304,441)
Loss for the year attributable to:			
Owners of the parent		(1,133,586)	(304,441)
		(1,133,586)	(304,441)

DIVINE CHOCOLATE LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	2022 £	2021 £
Loss for the financial year	(1,133,586)	(304,441)
Other comprehensive income		
Currency translation differences	525	(63,210)
Other comprehensive income for the year	525	(63,210)
Total comprehensive income for the year	(1,133,061)	(367,651)
(Loss) for the year attributable to:		
Owners of the parent Company	(1,133,586)	(304,441)
Total comprehensive income attributable to:		
Owners of the parent Company	(1,133,061)	(367,651)

DIVINE CHOCOLATE LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	40,770	51,228
		<u>40,770</u>	<u>51,228</u>
Current assets			
Stocks	14	3,316,282	1,917,418
Debtors: amounts falling due within one year	15	1,243,189	1,255,089
Cash at bank and in hand	16	193,908	419,953
		<u>4,753,379</u>	<u>3,592,460</u>
Creditors: amounts falling due within one year	17	(4,942,438)	(2,668,497)
Net current (liabilities)/assets		<u>(189,059)</u>	<u>923,963</u>
Total assets less current liabilities		<u>(148,289)</u>	<u>975,191</u>
Creditors: amounts falling due after more than one year	18	(568,068)	(558,487)
Net (liabilities)/assets		<u><u>(716,357)</u></u>	<u><u>416,704</u></u>
Capital and reserves			
Called up share capital	20	813,118	813,118
Share premium account	21	255,618	255,618
Capital redemption reserve	21	15,000	15,000
Foreign exchange reserve	21	204,197	203,672
Profit and loss account	21	(2,004,290)	(870,704)
Deficit attributable to owners of the parent Company		<u>(716,357)</u>	<u>416,704</u>
		<u><u>(716,357)</u></u>	<u><u>416,704</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

C Budde
 Director

Date: 20.6.2023

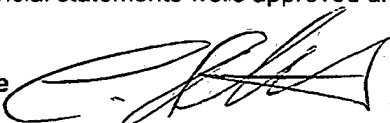
The notes on pages 17 to 36 form part of these financial statements.

DIVINE CHOCOLATE LIMITED
COMPANY BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	26,487	29,524
Investments	13	-	1,077,537
		<u>26,487</u>	<u>1,107,061</u>
Current assets			
Stocks	14	1,499,736	1,197,823
Debtors: amounts falling due within one year	15	695,617	874,096
Cash at bank and in hand	16	27,290	80,272
		<u>2,222,643</u>	<u>2,152,191</u>
Creditors: amounts falling due within one year	17	(2,490,598)	(1,608,623)
Net current (liabilities)/assets		<u>(267,955)</u>	<u>543,568</u>
Total assets less current liabilities		<u>(241,468)</u>	<u>1,650,629</u>
Creditors: amounts falling due after more than one year	18	(413,671)	(451,528)
Net (liabilities)/assets		<u><u>(655,139)</u></u>	<u><u>1,199,101</u></u>
Capital and reserves			
Called up share capital	20	813,118	813,118
Share premium account	21	255,618	255,618
Capital redemption reserve	21	15,000	15,000
Profit and loss account brought forward		115,365	680,193
Loss for the year		(1,854,240)	(564,828)
Profit and loss account carried forward		<u>(1,738,875)</u>	<u>115,365</u>
Total equity		<u><u>(655,139)</u></u>	<u><u>1,199,101</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

C Budde
 Director



Date: 20.06.2023

The notes on pages 17 to 36 form part of these financial statements.

DIVINE CHOCOLATE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 July 2020	813,118	255,618	15,000	266,882	(566,263)	784,355	784,355
Comprehensive income for the year							
Loss for the year	-	-	-	-	(304,441)	(304,441)	(304,441)
Currency translation differences	-	-	-	(63,210)	-	(63,210)	(63,210)
Other comprehensive income for the year	-	-	-	(63,210)	-	(63,210)	(63,210)
Total comprehensive income for the year	-	-	-	(63,210)	(304,441)	(367,651)	(367,651)
At 1 July 2021	813,118	255,618	15,000	203,672	(870,704)	416,704	416,704
Comprehensive income for the year							
Loss for the year	-	-	-	-	(1,133,586)	(1,133,586)	(1,133,586)
Currency translation differences	-	-	-	525	-	525	525
Other comprehensive income for the year	-	-	-	525	-	525	525
Total comprehensive income for the year	-	-	-	525	(1,133,586)	(1,133,061)	(1,133,061)
At 30 June 2022	813,118	255,618	15,000	204,197	(2,004,290)	(716,357)	(716,357)

The notes on pages 17 to 36 form part of these financial statements.

DIVINE CHOCOLATE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 July 2020	813,118	255,618	15,000	680,193	1,763,929
Comprehensive income for the year					
Loss for the year	-	-	-	(564,828)	(564,828)
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year				(564,828)	(564,828)
Total transactions with owners					
	-	-	-	-	-
At 1 July 2021	813,118	255,618	15,000	115,365	1,199,101
Comprehensive income for the year					
Loss for the year	-	-	-	(1,854,240)	(1,854,240)
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year				(1,854,240)	(1,854,240)
Total transactions with owners					
	-	-	-	-	-
At 30 June 2022	813,118	255,618	15,000	(1,738,875)	(655,139)

The notes on pages 17 to 36 form part of these financial statements.

DIVINE CHOCOLATE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(1,133,586)	(304,441)
Adjustments for:		
Amortisation of intangible assets	-	122,322
Depreciation of tangible assets	32,571	31,761
Interest paid	40,413	31,021
Interest received	(179)	(2,197)
Taxation charge	894	1,443
(Increase)/decrease in stocks	(1,398,864)	1,288,580
(Increase)/decrease in debtors	(4,373)	94,402
Increase/(decrease) in creditors	1,003,511	(1,242,359)
Corporation tax received/(paid)	10,339	(2,783)
Net cash (used in)/generated from operating activities	(1,449,274)	17,749
Cash flows from investing activities		
Purchase of tangible fixed assets	(19,587)	(13,722)
Interest received	179	2,197
Net cash used in investing activities	(19,408)	(11,525)
Cash flows from financing activities		
Repayment of loans	(1,194,253)	(464,732)
Issue of loans	2,111,559	-
Interest paid	(40,413)	(31,021)
Net cash (used in)/generated from financing activities	876,893	(495,753)
Net (decrease) in cash and cash equivalents	(591,789)	(489,529)
Cash and cash equivalents at beginning of year	125,856	675,264
Foreign exchange gains and losses	7,838	(59,879)
Cash and cash equivalents at the end of year	(458,095)	125,856
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	193,908	419,953
Bank overdrafts	(652,003)	(294,097)
	(458,095)	125,856

The notes on pages 17 to 36 form part of these financial statements.

DIVINE CHOCOLATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. General information

Divine Chocolate Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is Sustainable Workspaces, Riverside Building County Hall, 3rd Westminster Bridge Road, London, SE1 7PB.

The group consists of Divine Chocolate Limited and all of its subsidiaries.

The financial statements are presented in Sterling (£), which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

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 for the company information presented within the consolidated financial statements:

- Section 3 'Financial Statement Presentation' – Inclusion of statement of cash flows;
- 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' – Carrying amounts, 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 33 'Related Party Disclosures' – Compensation for key management personnel.

The following principal accounting policies have been applied:

DIVINE CHOCOLATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being

2.3 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the group incurred a net loss for the year. The group is in a net liabilities position at the end of the year.

In making their going concern assessment, the directors have reviewed future financial forecasts of the company and group. The directors have received confirmation of continued financial support from the group's parent company. Therefore, the directors have a reasonable expectation that the company and group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved.

For these reasons, the directors continue to believe that it is appropriate to adopt the going concern basis for the preparation of the financial statements.

DIVINE CHOCOLATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

DIVINE CHOCOLATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the consolidated profit and loss account in the same period as the related expenditure.

Government grants comprise amounts received or receivable from HM Revenue and Customs for employees on the furlough scheme under the Coronavirus Job Retention Scheme and a loan forgiveness from the United States Small Business Administration. These are recognised in the period in which they become receivable.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

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

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Taxation

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

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

DIVINE CHOCOLATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.13 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20% straight line basis
Fixtures and fittings	- Between 20% and 33% straight line basis
Computer equipment	- Between 20% and 67% straight line basis

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

DIVINE CHOCOLATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Financial instruments

The Group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

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 Group after deducting all of its liabilities.

The Group's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Group would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

DIVINE CHOCOLATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the group's accounting policies, 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.

Recoverable value of recognised debtors

The recoverability of trade and other debtors is regularly reviewed in light of available economic information specific to each debtor and provisions are recognised for the balances considered to be doubtful or irrecoverable.

Stock valuation

Stock is valued at the lower of cost and net realisable value. Management identifies obsolete or slow moving stock against which provisions are made.

Investments

At each period end the directors review the carrying value of investment for impairment which represents a significant judgement. The directors take into consideration forecasts and future probable cash flows likely to arise from the investment held. Where the net present value of likely cash flow does not exceed the investment value, an impairment of the investment is generated as shown in note 13 to the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sale of goods	<u>10,904,504</u>	<u>12,215,023</u>

Geographical split of turnover has not been disclosed as in the opinions of the directors this would be prejudicial to the interests of the group.

5. Other operating income

	2022 £	2021 £
Other operating income	-	19,406
Government grants receivable	<u>16,706</u>	<u>260,101</u>
	<u>16,706</u>	<u>279,507</u>

DIVINE CHOCOLATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

6. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Exchange differences	85,692	194,392
Other operating lease rentals	130,681	187,379
Depreciation of tangible fixed assets	32,433	31,761
Amortisation of intangible assets	-	122,322

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £85,692 (2021: £194,392 profit)

7. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements	30,000	30,000

DIVINE CHOCOLATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****8. Employees**

Staff costs were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	1,329,644	1,458,435	581,914	543,076
Social security costs	131,641	143,004	45,671	43,463
Cost of defined contribution scheme	99,046	78,598	48,989	40,860
	<u>1,560,331</u>	<u>1,680,037</u>	<u>676,574</u>	<u>627,399</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Distribution	4	4	4	2
Administration	8	8	8	5
Development	2	2	2	2
Marketing	4	4	4	3
Sales	7	10	7	4
	<u>25</u>	<u>28</u>	<u>25</u>	<u>16</u>

9. Interest receivable

	2022 £	2021 £
Other interest receivable	<u>179</u>	<u>2,197</u>

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	15,078	7,021
Other loan interest payable	25,335	24,000
	<u>40,413</u>	<u>31,021</u>

DIVINE CHOCOLATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	894	1,443
Total current tax	<u>894</u>	<u>1,443</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(1,132,692)</u>	<u>(302,998)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(215,211)	(57,570)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	47,973	42,825
Unrelieved tax losses carried forward	169,026	16,813
Permanent capital allowances in excess of depreciation	-	356
Effect of overseas tax rates	(894)	(981)
Total tax charge for the year	<u>894</u>	<u>1,443</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

DIVINE CHOCOLATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

12. Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2021	73,469	112,351	14,492	200,312
Additions	-	18,980	607	19,587
Exchange adjustments	1,412	3,663	2,275	7,350
At 30 June 2022	74,881	134,994	17,374	227,249
Depreciation				
At 1 July 2021	58,033	78,979	12,072	149,084
Charge for the year on owned assets	11,319	15,148	6,104	32,571
Exchange adjustments	1,221	4,405	(802)	4,824
At 30 June 2022	70,573	98,532	17,374	186,479
Net book value				
At 30 June 2022	4,308	36,462	-	40,770
At 30 June 2021	15,436	33,372	2,420	51,228

DIVINE CHOCOLATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

12. Tangible fixed assets (continued)

Company

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 July 2021	54,770	83,818	138,588
Additions	-	18,098	18,098
At 30 June 2022	54,770	101,916	156,686
Depreciation			
At 1 July 2021	46,470	62,594	109,064
Charge for the year on owned assets	8,198	12,937	21,135
At 30 June 2022	54,668	75,531	130,199
Net book value			
At 30 June 2022	102	26,385	26,487
At 30 June 2021	8,300	21,224	29,524

DIVINE CHOCOLATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2021	1,077,537
At 30 June 2022	1,077,537
Impairment	
Charge for the period	1,077,537
At 30 June 2022	1,077,537
Net book value	
At 30 June 2022	-
At 30 June 2021	1,077,537

14. Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Finished goods	3,316,282	1,917,418	1,499,736	1,197,823

There is no significant difference between the replacement cost of the stock and its carrying amount.

15. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	797,874	1,122,160	491,299	748,662
Amounts owed by group undertakings	-	-	10,862	74,178

DIVINE CHOCOLATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

15. Debtors (continued)

Other debtors	342,256	36,833	181,558	20,065
Prepayments and accrued income	103,059	79,823	11,898	17,303
Tax recoverable	-	16,273	-	13,888
	<u>1,243,189</u>	<u>1,255,089</u>	<u>695,617</u>	<u>874,096</u>

16. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	193,908	419,953	27,290	80,272
Less: bank overdrafts	(652,003)	(295,684)	(641,696)	(294,097)
	<u>(458,095)</u>	<u>124,269</u>	<u>(614,406)</u>	<u>(213,825)</u>

17. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	652,003	295,684	641,696	294,097
Bank loans	924,636	10,648	39,352	10,648
Trade creditors	2,860,144	1,190,042	1,645,583	645,402
Amounts owed to group undertakings	-	-	-	74,178
Corporation tax	123	5,162	-	-
Other taxation and social security	32,267	301,077	20,248	301,077
Other creditors	68,249	64,865	5,674	4,016
Accruals and deferred income	405,016	801,019	138,045	279,205
	<u>4,942,438</u>	<u>2,668,497</u>	<u>2,490,598</u>	<u>1,608,623</u>

DIVINE CHOCOLATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

18. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	154,397	146,311	-	39,352
Other loans	413,671	412,176	413,671	412,176
	<u>568,068</u>	<u>558,487</u>	<u>413,671</u>	<u>451,528</u>

DIVINE CHOCOLATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

19. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year				
Bank loans	924,636	10,648	39,352	10,648
	924,636	10,648	39,352	10,648
Amounts falling due 1-2 years				
Bank loans	154,397	16,996	-	10,648
Other loans	310,253	412,176	310,253	412,176
	464,650	429,172	310,253	422,824
Amounts falling due 2-5 years				
Bank loans	-	47,747	-	28,704
Other loans	103,418	-	103,418	-
	103,418	47,747	103,418	28,704
Amounts falling due after more than 5 years				
Bank loans	-	81,568	-	-
	-	81,568	-	-
	1,492,704	569,135	453,023	462,176

Divine Chocolate Limited has a bank loan which is supported by the Bounce Back Loan Scheme (BBLs), managed by the British Business Bank on behalf of, and with the financial backing of, the Secretary of State for Business, Energy and Industrial Strategy. The bank loan bears interest at a rate of 2.5%. This is repayable monthly over 6 years commencing 12 months from the date of drawdown.

Divine Chocolate Limited has a loan from Ludwig Weinrich GmbH & Co KG totalling £412,176. This loan incurs interest at 6% and is repayable in full on the third anniversary and is secured by a fixed charge over all assets of the company.

Divine Chocolate Inc has a loan with the United States Small Business Administration totalling \$200,000. This loan incurs interest at 3.75%. This is repayable monthly over 30 years commencing 24 months from the date of drawdown.

Divine Chocolate Inc. also has a Line of Credit with PNC Bank, National Association. Amounts outstanding bear interest at a rate per annum equal to daily LIBOR rate plus 3%. The amount outstanding at the end of the year is \$750,000 (2021: \$Nil).

Divine Chocolate Inc. also has three bridging loans, totalling \$325,000, repayable in full in 6 months from the commencement date. Interest on these loan is accrued at 4% per annum.

DIVINE CHOCOLATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****20. Share capital**

	2022 £	2021 £
Allotted, called up and fully paid		
1,380 (2021 - 1,380) Ordinary shares of £0.10 each	138	138
812,980 (2021 - 812,980) Deferred shares of £1.00 each	812,980	812,980
	<u>813,118</u>	<u>813,118</u>

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

The holders of deferred shares have no voting rights save in respect of a proposed variation to the rights attaching to the deferred shares. Deferred shareholders are not entitled to receive dividends as declared from time to time however they are entitled to receive a distribution on liquidation or winding up of the company, after the holders of the ordinary shares have received the sum of £1,000,000 per share.

21. Reserves**Share premium account**

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign exchange reserve

The foreign exchange reserve is a non-distributable reserve arising on the translation of foreign subsidiaries balances during consolidation.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

DIVINE CHOCOLATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****22. Analysis of net debt**

	At 1 July 2021 £	Cash flows £	At 30 June 2022 £
Cash at bank and in hand	419,953	(226,045)	193,908
Bank overdrafts	(295,684)	(347,599)	(643,283)
Debt due after 1 year	(558,487)	83,530	(474,957)
Debt due within 1 year	(14,664)	(1,017,477)	(1,032,141)
	<u>(448,882)</u>	<u>(1,507,591)</u>	<u>(1,956,473)</u>

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. Contributions totalling £4,016 (2020: £4,656) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 30 June 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	113,973	107,947	58,200	60,000
Later than 1 year and not later than 5 years	41,000	70,104	41,000	25,151
	<u>154,973</u>	<u>178,051</u>	<u>99,200</u>	<u>85,151</u>

25. Related party transactions

The company has taken advantage of the exemption available in FRS102 Section 33.1A "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

During the year, the company was invoiced by STB Trading Limited, a company in which Samuel Bundy is a Director, £Nil (2021: £93,500) in respect of Director fees.

During the year Divine Chocolate Limited purchased £2,410,338 (2021: £2,778,079) of goods from Ludwig Weinrich GmbH & Co. KG. At the year end £1,224,172 (2021: £546,944) was owed to Ludwig Weinrich GmbH & Co. KG.

During the year Divine Chocolate Inc purchased \$4,013,432 (2021: \$2,569,143) of goods from Ludwig Weinrich GmbH & Co. KG. At the year end a balance of \$1,450,057 (\$1,103,679) was owed to Ludwig Weinrich GmbH & Co. KG.

26. Controlling party

The ultimate controlling parent company is Ludwig Weinrich GmbH & Co. KG, a company registered in Germany. The ultimate controlling party is C Budde, a Director of the Company, by virtue of his shareholding in Ludwig Weinrich GmbH & Co. KG.