

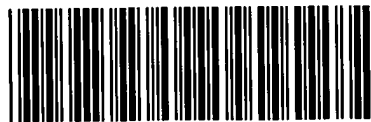
Registration number: 12106388

The Canning Group Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

THURSDAY



ACC2SLLS

A18

14/09/2023

#85

COMPANIES HOUSE

The Canning Group Holdings Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 11
Profit and Loss Account	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 21

The Canning Group Holdings Limited
Company Information

Directors

Mr J Aitken
Mr R J Leach
Mr R P Leechman
Mr C McMahon
Mr D R Wardrop

Registered number 12106388

Registered office

1 Staniers Way
Roman Road
Hereford
HR1 1JT

Auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

The Canning Group Holdings Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Fair review of the business

The Canning Group International Ltd is the ultimate parent of The Canning Group Holdings Limited.

The principal activity of the Company is that of a holding company.

The main trading company in the group is Hereford Contract Canning (HCC) Ltd, which has a principal activity of canning services for alcoholic and non-alcoholic drinks.

Principal risks and uncertainties

There are no risks which have been identified at the Company level other than the recoverability of inter-company debtors which is supported by the underlying performance of the Group and the associated risk management procedures. The directors are of the opinion that a thorough risk management process is in place at Group level which involves the formal review of the risks identified below:

Financial risk management

The Group's operations expose it to a variety of financial business risks including foreign currency exchange rates, credit risk and liquidity risk.

Foreign currency risk

The Group purchases some materials from Europe in Euros. Exposure to currency fluctuations is not felt to be a major risk. As prices are expected to rise in the current economic climate, contracts are in place with suppliers of critical materials for the forthcoming year.

Credit risk

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending on their credit rating.

Liquidity risk

The Group's policy is managed by financial management on its major contracts by negotiating favourable payment terms with respective customers and suppliers wherever possible. The Group's objective is to ensure an overall positive or neutral cash flow.

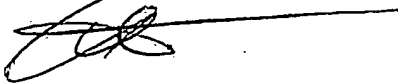
Interest rate risk

The Group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Financial key performance indicators

Financial key performance indicators are not monitored at the Company level. Turnover, profitability, EBITDA and cashflow are monitored against the acquisition business plan, budgets and forecasts throughout the year at a Group level.

Approved by the Board on 30th May 2023 and signed on its behalf by:



Mr J Aitken
Director

The Canning Group Holdings Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the company is that of a holding company holding investments in its subsidiaries. The main trading company is Hereford Contract Canning (HCC) Limited, which has a principal activity of canning services for alcoholic and non-alcoholic drinks, was acquired on 5 August 2019.

Directors of the company

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

Mr J Aitken

Mr C McMahon

Mr R J Leach

Mr R P Leechman

Mr D R Wardrop

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Going concern

The Company has made a loss in the year and has net liabilities at the year-end reflecting the nature of its operations being a holding company with interest bearing loan notes. The Company is dependent upon Group support via intercompany amounts owed.

The Directors have prepared a going concern assessment based on forecasts prepared for the Group, of which the Company is part of, for a period up to December 2025, including realistic downside scenarios. These forecasts, which incorporate assumptions about the market in which the Group operates in and key relationships with its customers, predict the Group will continue to trade for the foreseeable future.

The parent company has undertaken to provide financial support to the Company for at least a year from the date of signing these financial statements. The Directors therefore confirm that sufficient finance will be available to meet obligations as they fall due in line with the Group's forecast for a period of not less than twelve months from the date of signing of these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

The Canning Group Holdings Limited
Directors' Report for the Year Ended 31 December 2022

Reappointment of auditor

Under section 487(2) of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Approved by the Board on 30th May 2023 and signed on its behalf by:



Mr J Aitken
Director

The Canning Group Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Canning Group Holdings Limited
Independent Auditor's Report to the Members of The Canning Group Holdings Limited

Opinion

We have audited the financial statements of The Canning Group Holdings Limited (the 'Company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and 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 Company's affairs as at 31 December 2022 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Assessing the ability of the Group to provide such financial support as required by the Company to meet liabilities as they fall due including making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Group's future financial performance;
- Testing the accuracy and functionality of the model used to prepare the directors' Group forecasts;
- Considering the consistency of the directors' Group forecasts with other areas of the financial statements and our audit;
- Reviewed plans that the Group have to ensure sufficient funds are available to repay the loan notes that mature on 31 August 2024, by either a sale of the Group business or a refinance of the loan notes; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

The Canning Group Holdings Limited

Independent Auditor's Report to the Members of The Canning Group Holdings Limited

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
<p>Intercompany debtor recoverability</p> <p>The Canning Group Holdings Limited carries a significant intercompany debtor on its balance sheet, £29,710,075, at 31 December 2022. Management are required to assess this balance for recoverability.</p> <p>The recoverability, and ultimate going concern assumption of the Company, is directly linked to the trading and results of the Group and requires management to exercise their judgement when forming a view of future profitability and cash flows of the Group.</p>	<p>In forming our conclusions over the future profitability and cash flows of the Group, which will ultimately support the recovery of inter-group balances, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - We reviewed management's forecasts which formed part of the going concern assessment as approved by the board of directors. We made enquiries of management to understand the completeness of the assessment on the group's forecast financial performance with reference to post year end trading actual results and known business changes; - We evaluated the key assumptions in the forecasts; - We also gave consideration to the overall value of the group with reference to EBITDA multiples used for investment in the group in prior years, management's estimate of multiples being attained on comparable businesses and EBITDA levels arising from the going concern forecasts. <p>Our observations</p> <p>Based on the work performed, we are satisfied that the group is expected to generate sufficient profitability to enable the recovery of inter-group balances in full.</p>
<p>Listed loan notes</p> <p>The company issued 12% Secured Series A Loan Notes 2024 with a nominal value of £25,480,654. On 29 December 2020, the loan notes were listed on The International Stock Exchange. The value of the loan notes at 31 December 2022 was £25,480,654.</p> <p>Due to the listed status and significant value of these loan notes recognised within creditors as at 31 December 2022, this is deemed to be a key audit matter.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - We obtained signed copies of the loan note agreements and also externally verified the year end balances. - We considered whether management's conclusion that the loan notes are basic financial instruments is appropriate, and assessed whether the accounting treatment is consistent with that conclusion. <p>Our observations</p> <p>We concur with management's assessment that the loan notes meet the criteria of basic financial instruments under FRS 102 and are appropriately recorded within the financial statements.</p>

The Canning Group Holdings Limited
Independent Auditor's Report to the Members of The Canning Group Holdings Limited

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows.

Overall materiality	£240,000
How we determined it	Materiality has been determined with reference to a benchmark of net assets, further reduced to comply with the overall requirements of a maximum aggregate component materiality for the consolidated audit of The Canning Group International Limited.
Rationale for benchmark applied	We used net assets to calculate our materiality as, in our view, given the company does not trade, this is the most relevant measure of the underlying financial performance of the company.
Performance materiality	£180,000 Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 75% of our financial statement materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £7,200 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

The Canning Group Holdings Limited
Independent Auditor's Report to the Members of The Canning Group Holdings Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Canning Group Holdings Limited
Independent Auditor's Report to the Members of The Canning Group Holdings Limited

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered there to be no non-compliance with laws and regulations that might have a material effect on the financial statements.

To help us identify instances of non-compliance with laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

The Canning Group Holdings Limited
Independent Auditor's Report to the Members of The Canning Group Holdings Limited

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.

Ian Holder

Ian Holder (Senior Statutory Auditor)
For and on behalf of Mazars LLP,
Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX
31 May 2023

The Canning Group Holdings Limited
Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Administrative expenses		-	(3,398)
Operating loss		-	(3,398)
Other interest receivable and similar income	4	366,528	340,234
Interest payable and similar charges	5	(4,355,640)	(3,932,584)
		<u>(3,989,112)</u>	<u>(3,592,350)</u>
Loss before tax		(3,989,112)	(3,595,748)
Taxation	8	67,353	277,861
Loss for the financial year		<u>(3,921,759)</u>	<u>(3,317,887)</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 15 to 21 form an integral part of these financial statements.

The Canning Group Holdings Limited
(Registration number: 12106388)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	9	1	1
Current assets			
Debtors	10	29,688,806	29,254,925
		<u>29,688,806</u>	<u>29,254,925</u>
Creditors: Amounts falling due within one year	12	<u>(35,999)</u>	<u>(35,999)</u>
Net current assets		<u>29,652,807</u>	<u>29,218,926</u>
Total assets less current liabilities		29,652,808	29,218,927
Creditors: Amounts falling due after more than one year	12	<u>(41,358,822)</u>	<u>(37,003,182)</u>
Net liabilities		<u>(11,706,014)</u>	<u>(7,784,255)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		<u>(11,706,015)</u>	<u>(7,784,256)</u>
Shareholders' deficit		<u>(11,706,014)</u>	<u>(7,784,255)</u>

Approved and authorised by the Board on 30th May 2023 and signed on its behalf by:



Mr J Aitken
Director

The notes on pages 15 to 21 form an integral part of these financial statements.

The Canning Group Holdings Limited
Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Profit and loss account £	Total £
At 1 January 2022	1	(7,784,256)	(7,784,255)
Loss for the year	-	(3,921,759)	(3,921,759)
Total comprehensive income	-	(3,921,759)	(3,921,759)
At 31 December 2022	1	(11,706,015)	(11,706,014)

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	1	(4,466,369)	(4,466,368)
Loss for the year	-	(3,317,887)	(3,317,887)
Total comprehensive income	-	(3,317,887)	(3,317,887)
At 31 December 2021	1	(7,784,256)	(7,784,255)

The notes on pages 15 to 21 form an integral part of these financial statements.

The Canning Group Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

1 Staniers Way
Roman Road
Hereford
HR1 1JT

2 Accounting policies

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 management to exercise judgment in applying the Company's accounting policies.

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

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Canning Group International Limited as at 31 December 2022 and these financial statements may be obtained from the registered office.

The Canning Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Going concern

The Company has made a loss in the year and has net liabilities at the year end.

The Directors have prepared a going concern assessment based on forecasts prepared for the Group, of which the Company is part of, for a period up to December 2025, including realistic downside scenarios. These forecasts, which incorporate assumptions about the market in which the Group operates in and key relationships with its customers, predict the Group will continue to trade for the foreseeable future.

A group company has undertaken to provide financial support to the Company for at least a year from the date of signing these financial statements. The Directors therefore confirm that sufficient finance will be available to meet obligations as they fall due in line with the Group's forecast for a period of not less than twelve months from the date of signing of these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

Exemption from preparing group accounts

The financial statements contain information about The Canning Group Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, The Canning Group International Ltd, a company incorporated in England & Wales.

Interest income

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

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.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Intercompany debtors

Intercompany debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The Canning Group Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

Borrowing costs

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Judgements and key sources of estimation uncertainty

In the application of the company'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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Loan notes

In determining the applicable accounting treatment of the loan notes, management has carefully considered the key substantive features of the loan notes and have concluded that they meet the 'basic' financial instruments criteria as defined within FRS 102. As a consequence, the loan notes are held at amortised cost.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Intercompany debtor

Intercompany debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment. Management has considered whether there are any indicators of impairment by carefully reviewing the carrying value. The recoverability is directly linked to the trading and results of the Group and requires management to exercise their judgement when forming a view of future profitability and cash flows of the Group. Management has deemed there to be no impairment against the intercompany debtors.

The Canning Group Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

4 Other interest receivable and similar income

	2022 £	2021 £
Interest receivable on loan notes due from group undertaking	<u>366,528</u>	<u>340,234</u>

5 Interest payable and similar expenses

	2022 £	2021 £
Interest payable on loan notes	<u>4,355,640</u>	<u>3,932,584</u>

6 Employees

The Company has no employees other than the directors, who did not receive any remuneration.

7 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements (paid by group company)	<u>2,200</u>	<u>2,000</u>

8 Taxation

Tax credited in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	(67,353)	(277,861)
Deferred taxation		
Arising from origination and reversal of timing differences	-	-
Arising from changes in tax rates and laws	-	-
Tax expense in the profit and loss account	<u>(67,353)</u>	<u>(277,861)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	<u>(3,989,112)</u>	<u>(3,595,748)</u>
Corporation tax at standard rate	(757,931)	(683,192)
Increase from tax losses for which no deferred tax asset was recognised	<u>690,578</u>	<u>405,331</u>
Total tax credit receivable from group undertaking	<u>(67,353)</u>	<u>(277,861)</u>

The Canning Group Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

9 Investments

	2022 £	2021 £
Investment in Subsidiary	<u>1</u>	<u>1</u>

Details of subsidiary undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
The Canning Group UK Limited	1 Staniers Way, Roman Road, Hereford, HR1 1JT	Ordinary	100%	100%
Hereford Contract Canning (HCC) Limited	1 Staniers Way, Roman Road, Hereford, HR1 1JT	Ordinary	100%	100%

Shares in Hereford Contract Canning (HCC) Limited are held by The Canning Group UK Limited.

10 Debtors

	2022 £	2021 £
Amounts falling due within one year		
Amounts owed by group undertakings	<u>25,847,762</u>	<u>25,780,419</u>

	2022 £	2021 £
Amounts falling due after more than one year		
Amounts owed by group undertakings	<u>3,841,044</u>	<u>3,474,506</u>

Amounts falling due within one year

Amounts owed by group undertakings are unsecured and do not bear any interest.

Amounts falling due after more than one year

Amounts owed by group undertakings are Loan notes comprising of the following:

Unsecured Bidco DC Loan Notes £2,000,000 - these are unsecured, accrue interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur.

Unsecured Bidco Loan Notes £652,000 - these are unsecured, accrue interest at 7% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur.

Unsecured Bidco E Loan Notes £57,000 - these are unsecured, accrue interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur.

Accrued interest on the Loan notes of £1,132,044 (2021: £765,506).

The Canning Group Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

12 Creditors

	2022 £	2021 £
Due within one year		
Amounts due to group undertakings	<u>35,999</u>	<u>35,999</u>
Due after one year		
Loan notes	28,189,654	28,189,654
Accrued interest on loan notes	<u>13,169,168</u>	<u>8,813,528</u>
	<u>41,358,822</u>	<u>37,003,182</u>

Loan notes comprise of the following:

Secured Series A Loan Notes £25,480,654 - these are secured under fixed and floating charges over all the assets of the group to the effect that the assets are not mortgaged, charged or assigned, pay interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur of the group. On 31 December 2020 the loan notes were listed on The International Stock Exchange.

Secured Deferred Consideration Loan Note £2,000,000 - these are secured under fixed and floating charges over all the assets of the group to the effect that the assets are not mortgaged, charged or assigned, pay interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur of the group.

Unsecured Subordinated Loan Note £652,000 - these are unsecured, pay interest at 7% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur of the group.

Unsecured Exchange Loan Note £57,000 - these are unsecured, pay interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur of the group.

13 Share capital

	2022 £ and No.	2021 £ and No.
Allotted, called up and fully paid shares		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

The Canning Group Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

14 Contingent liabilities

The Company is part of a Senior Facilities Agreement, within The Canning Group International Limited group, which has provided a guarantee to the Bank. Under the terms of the agreement and the guarantees the Bank has fixed and floating charges over all the assets of the Company. No liability is expected to arise under the above arrangement.

15 Related party transactions

7% Unsecured subordinated loan notes 2024

Certain directors and their associates of the company have a beneficial interest in the 7% Unsecured subordinated loan notes 2024. During the year the company accrued interest of £51,597 (2021: £48,221) to these directors and their associates. At 31 December 2022 accrued interest due to these directors and their associates was £161,888 (2021: £110,291).

16 Parent and ultimate parent undertaking

The company's immediate parent is The Canning Group International Ltd, incorporated in England & Wales.

The parent of the largest group in which these financial statements are consolidated is The Canning Group International Ltd, incorporated in England & Wales.

The address of The Canning Group International Ltd is 1 Staniers Way, Roman Road, Hereford, HR1 1JT, United Kingdom.

The ultimate parent and controlling party is Rutland Partners LLP, incorporated in England & Wales.