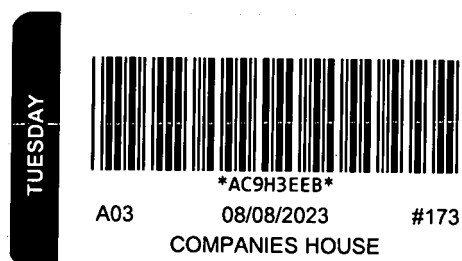


Registered No: SC015262

## **McCormick (UK) Limited**

### **Report and Financial Statements**

30 November 2022



## Corporate information

### Directors

A. Sanchez  
M. Webster  
D. Radley

### Auditors

Ernst & Young LLP  
R+ Building  
2 Blagrove Street  
Reading  
Berkshire RG1 1AZ

### Solicitors

Baker & McKenzie  
100 New Bridge Street  
London EC4V 6JA

### Bankers

Bank Mendes Gens	HSBC
Herengracht 619	8 Canada Square
1017 CE Amsterdam	London
The Netherlands	E14 5HQ

### Registered office

Exchange Tower  
19 Canning Street  
Edinburgh  
Scotland  
United Kingdom  
EH3 8EH

## Strategic report

The directors present their Strategic report for the year ended 30 November 2022.

### Review of the business

The company's principal activities during the year continued to be the manufacturing and packing of food products and the marketing, selling and distribution of these and other products to grocery, catering and other outlets. The company operates in two business segments Consumer and Flavour Solutions. The company's key financial and other performance indicators during the year were as follows:

	2022 £'000	2021 £'000
Turnover	349,251	311,137
Operating (loss)	(24,373)	(1,478)
(Loss) / profit after tax	(25,036)	506
Average number of employees	920	846

The 2022 results of the company show an increase in turnover in the Flavour Solutions division due to increased pricing. The turnover in the Consumer division was in line with prior year. Operating loss increased due to the impact of inflation on commodity, energy and freight costs increasing across the year. There were also incremental costs associated with the transfer of manufacturing activities to the new Flavour Solutions facility in Peterborough such as employee severance, asset impairments and dual running costs.

Increases in headcount are due to the new Flavour Solutions facility in Peterborough.

The Consumer division's main focus was driving the performance of the Schwartz brand during the year. The Flavour Solutions focus was on key customer performance through existing and newly developed products. Both divisions had a continued focus on productivity savings during the year.

The company is currently completing a significant new facility in Peterborough to consolidate our UK based condiments manufacturing operations and distribution centres into a net-zero carbon facility in an effort to both improve profitability and expand our capacity.

Continued productivity improvements were delivered as part of the company's ongoing Comprehensive Continuous Improvement programme which helped mitigate the impact of commodity cost increases and increased operational costs.

The 2022 operating loss includes £470,000 of pension income (2021 pension income £175,000).

The 2021 profit after tax included a receipt of dividend from subsidiary companies of £3,388,000. No dividends were received from subsidiary companies in 2022.

There is no impact from the Russia / Ukraine conflict on the company

### Principal risks and uncertainties

Principal risks and uncertainties facing the company are broadly grouped as follows:

#### Competitive risks

Across Europe and in the UK the company is subject to competition from other major brands and own labelled products and competitive price pressure remains a key risk to the business. The company manages this risk by providing high quality innovative products at a competitive price and by continuing to develop strong long-term relationships with key customers. The company invests in its employees, in its customer relationships and in the brands through robust policies and procedures to ensure high quality products and protect its reputation.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### Commodity risks

Purchases of commodities are subject to fluctuation in market price and availability caused by weather, growing, harvesting, governmental actions and other factors including supply chain challenges beyond the company's control. While future price movements are uncertain the company seeks to mitigate the market price risk in a number of ways, including the use of strategic purchases, customer price adjustments and cost savings from our Comprehensive Continuous Improvement (CCI) program.

#### Legislative risks

The company is required to meet high standards concerning health and safety, employment law and strict legislation relating specifically to the food industry. These standards are subject to continuous revision which management must adhere to in order to ensure compliance with legislation.

Management addresses these risks by continually educating and training those who are responsible for these tasks and by carrying out risk-based audits to assess the effectiveness of the standards in place to comply with the legislation.

#### Financial instruments risks and use of derivatives

As coordinated for the whole McCormick group by the ultimate parent company, the company enters into forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material foreign currency receipts/payments.

#### Exposure to price, credit and liquidity

With a large proportion of customer pricing fixed in advance, the company is at risk of fluctuating prices for food ingredients. Due to global inflationary pressure on commodities and other cost of sales the company is trying to mitigate this through increased pricing, manufacturing efficiencies and other cost saving measures.

Credit risk is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company policies are aimed at minimising such losses and require that credit terms are only granted to customers who satisfy the company's credit worthiness procedures. Credit customers are subject to periodic review to ensure adherence to the company policies.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing its operating cash flow and seeking support from other group members when necessary. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

#### UK membership of the European Union

The Transition Period governing the UK's relationship with EU ended on 31 December 2020. The EU-UK Trade and Cooperation Agreement was signed on 24 December 2020 and came into operation on 01 January 2021. The Agreement substantially reduced, but did not fully eliminate import duties on all raw materials and finished goods purchased from suppliers located in the EU. The Agreement has also significantly increased the number of non-fiscal regulations and administration procedures required to move goods between the UK and the EU. The complexities associated with additional EU paperwork requirements, together with extended delays at EU ports whilst goods await customs clearance, has made some delivery times less predictable and reduced the number of hauliers prepared to transport goods from the UK into the EU. The company continues to work with our logistics partners, suppliers and customers to adapt to these new requirements and mitigate the ongoing impacts. Finally, the rights of EU and UK nationals to move freely across borders have been significantly altered, meaning that the available pool of talent from which the UK business is able to recruit new talent into the company is more restricted. Existing UK employees' ability to live and work in the EU are now also subject to increased restrictions. The company continues to work to mitigate all of the above risks insofar as it is able to do so.

## Strategic report (continued)

### Section 172 (1) statement

A director of a company must act in a way they consider, in good faith, would most likely promote the success of the company for the benefits of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006.

Engagement with our stakeholders plays a vital role throughout the business. By understanding our stakeholders, we can factor into boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns.

The company desires to maintain a reputation for high standards of business conduct across its whole stakeholder population to ensure that the company enhances its reputation as an employer of choice and the premier UK supplier of herbs, spices and flavourings.

#### Employees – our people

At McCormick UK, we believe in the Power of People and their ability to drive high performance business results. High performance starts with a fundamental belief that we should work together while leveraging our shared values, diversity, and proven work systems.

McCormick's High-Performance journey is ongoing and leverages our culture to create the company and human capacity required to execute and achieve our goals and desired outcomes. Built on our core belief in the Power of People and our Shared Values, our High-Performance Organisation Framework outlines the competencies, guiding principles and work systems needed to fully engage all People, to deliver consistent high Performance and personal and business Growth.

Our actions in the face of the recent pandemic showcased our employees' dedication and creativity and the resiliency of our organization. Our ways of working have been adapted, including migration of many employees to work both remotely and onsite, with supply chain employees continuing to work with increased safety protocols to maintain product supply. The health and safety of our employees has remained a top priority, including those to help maintain mental health during this uncertain period. We are inspired by the way our employees responded during this time.

We are constantly reviewing our pay and benefits to ensure our employees are appropriately rewarded for their performance. We engage with our workforce regularly including quarterly update on business performance and employee matters. The company is committed to providing all its employees with equal opportunities in a workplace free from discrimination.

#### Quality

In support of the Company vision and business strategies, Quality and Regulatory will ensure that our consumers receive high quality and safe McCormick products.

- Coordinate the development and execution of company-wide quality management, food safety, regulatory and environmental strategies.
- Lead in the application of science-based risk management in protecting the consumer and our brand quality and image.
- Provide strategic leadership to enhance the Company's ability to innovate in quality, regulatory, food safety and environmental matters.

#### Suppliers

As a leader in the manufacture, marketing, and distribution of spices, herbs, seasonings, specialty foods and flavours, our company is dedicated to providing the highest quality products.

Our success is based on a commitment to be the best and we are dedicated to including dynamic diverse suppliers in our supply chain. We recognize the essential value these suppliers bring to the communities we serve.

The mission of McCormick's Supplier Diversity Initiative is to develop relationships with diverse businesses capable of meeting our high-quality standards. Through this initiative, we continue to increase the number of diverse suppliers that provide McCormick with products and services.

As we maximize this strategy through expanded utilization of diverse suppliers, our efforts will continue to deliver increasing success for us and the suppliers with whom we do business.

## Strategic report (continued)

### Environmental

McCormick UK is committed to the continuous improvement of our environmental performance in our day to day business activity and to meet or exceed the requirements of all applicable environmental laws and regulations. Through management leadership and employee participation we are committed to reduce the environmental impact of our activities through pollution prevention; promote the sustainability of the natural resources upon which we depend, while providing quality products that meet the needs of our customers; comply with applicable environmental laws and regulations and contribute positively to the communities in which we operate. We expect all McCormick employees to carry out their job responsibilities in accordance with this policy and to report any environmental concerns they have to management.

### Community

Our EMEA headquarters in the U.K. has been updated creating a modern open space and a technology enabled workplace. The office environment provides additional opportunities for employees to contribute and collaborate more easily and will help us attract and retain talent.

The company supports local charitable initiatives through a Charity committee made up of staff members. Staff fundraising for chosen charities is through many activities and contributions are matched in part by the company.

### Customers

Our products are sold directly to customers and wholesalers. In the consumer segment, products are then sold to consumers under a number of brands through a variety of retail channels. In the flavour solutions segment, products are used by food manufacturers as ingredients for their finished goods and by foodservice customers as ingredients for menu items all to enhance the flavour of their foods. We are also strengthening our connection with the consumer and driving growth through our best in class customer engagement. In Flavour Solutions, our broad technology platform, combined with our culinary foundation, enables us to create consumer preferred natural flavour solutions for our customers. We are committed to using natural ingredients, focusing on quality, and furthering our product transparency and sustainability efforts helping consumers achieve their health and wellness goals.

On behalf of the Board

*Daren S Radley*

D. Radley  
Director

Date: 2 August 2023

## Directors' report

The Directors present their report for the year ended 30 November 2022

### Directors of the company

The current directors are shown on page 1.

A. Sanchez was appointed as a director on 17 March 2022.

M. Webster was appointed as a director on 30 September 2022.

D. Radley was appointed as a director on 23 January 2023.

C. Jinks and J. Schwartz were directors until 17 March 2022 when they resigned.

R. Charlier was a director until 16 September 2022 when he resigned.

### Dividends

The directors do not recommend the payment of any dividend in the year (2021: £nil).

The company did not receive any dividends from subsidiary companies in the year (2021 £3,388,000).

### Research and development

Company policy is to invest in product innovation and process improvement at a level designed to enable it to be a market leader in the business in which it competes. It is also company policy to seek out new business opportunities by exploiting its skills and technological base.

### Future developments

The company continues to review its business activities in order to improve profitability despite ongoing challenges to the general economy. This will be achieved through new product development, growth opportunities in existing and developing markets, and through maximising cost efficiencies across existing operations.

The company is currently completing a significant new facility in Peterborough to consolidate our UK based condiments manufacturing operations and distribution centres into a net-zero carbon facility in an effort to both improve profitability and expand our capacity.

### Post balance sheet events

The directors of company are aware of the future planned liquidation of McCormick Kutas Food Service Limited, an indirect investment of the company and a direct investment of McCormick (UK) Limited of 50%. During 2021, the joint venture partners approved a step plan to transfer their assets in McCormick Kutas Food Service Limited to a new Turkish joint venture, MCKU Food Trading Limited Company, which will be 50% owned by McCormick (UK) Limited. During 2022 the ownership of the two trading companies have been transferred from McCormick Kutas Switzerland GmbH to MCKU Food Trading Limited Company. During 2023 the ownership of McCormick Kutas Food Service Limited has been transferred from McCormick (UK) Limited to MCKU Food Trading Limited Company. McCormick Kutas Switzerland GmbH is in the process of being liquidated. The restructure plan is ongoing.

On 11 May 2023 the company issued 400 ordinary shares with a nominal value of £0.01 each for an aggregate value of £100,000 per share to McCormick International Holdings for a consideration of £40,000,000.

On 11 May 2023 the company repaid its existing loan of £40,000,000 to McCormick Luxembourg S.a.R.L.

## Directors' report (continued)

### Financial instruments

The policy on financial instruments is provided in the strategic report on page 3.

### Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the strategic report on pages 2 to 5.

The company is expected to generate negative cash flows during the going concern period as the company continues to invest in new production facilities. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. Given this inter reliance on the group for funding the directors have obtained a letter of support from the ultimate parent company, McCormick and Company, Incorporated, that they can and will provide sufficient funding for the company to meet its liabilities as and when they fall due for the going concern assessment period to 31 August 2024 (the going concern assessment period), through continued access to the group cash pooling arrangement.

Accordingly, given this reliance on the group, the directors have considered the funding requirements of the company and the group in making their going concern assessment. The directors, having assessed the responses of the directors of the company's ultimate parent to their enquiries, including assessment of their forecasts and available banking facilities, for the going concern assessment period, have no reason to believe that a material uncertainty exists that may cast doubt over the ability of the company to continue as a going concern. In reaching this conclusion the directors have considered the impact of the inflationary macroeconomic pressures and uncertain geopolitical environment on the continued availability of the group's cash pooling arrangement and the funding position of the group that underpins it to support the ongoing activities of the company.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern assessment period to 31 August 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### Directors' liabilities

During the year, and up to the date of approval of the financial statements, the company had in place third party indemnity provision for the benefit of all the directors of the company subject to the conditions set out in section 234 of the Companies Act 2006.

### Disabled employees

The company is committed to a policy of equality of opportunity in all its employment practices and to promoting a positive working environment, with dignity for all.

The company gives full consideration to applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled it is the company's policy to provide continuing employment wherever practicable in the same or in an alternative position and to provide appropriate training to achieve this aim.



## Directors' report (continued)

### Employee involvement

The company has continued its policy of providing employees with information on matters of concern to them as employees and has consulted them or their representatives on a regular basis. This has been carried out by management at the company's various locations and by way of company meetings, information bulletins, surveys and conferences. Employees participate directly in the success of the business through the company's profit sharing and share option schemes. All employees' training and development is supported by continuing in-service education, including the opportunity to join cross-functional project teams as part of the 'Multiple Management Board'.

McCormick & Company, Incorporated, and its subsidiaries (the "group"), of which McCormick (UK) Limited is a subsidiary, publishes an annual corporate social responsibility report where detailed companywide employee commitments, initiatives and key performance indicators can be found.

Bullying and harassment are not tolerated at McCormick and the company actively promotes the diversity of its workforce, contractors and suppliers.

### Streamlined energy and carbon reporting

Below details the mandatory reporting of greenhouse gas emissions and is pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which came into force on 1 April 2019. Qualifying organisations are required to comply with Regulations for all financial periods that have a start date on or after 1 April 2019.

The table below shows total energy consumption and global greenhouse gas emissions:

	2022	2021
	'000	'000
UK energy consumption (KWh)	37,491	29,833
Greenhouse gas emissions (tCO <sub>2</sub> e)	0	0
Intensity ratios:		
Annual KWh per £m turnover	108	96
Annual tCO <sub>2</sub> e per £m turnover	0	0

UK energy consumption is compiled from invoices received from the company's energy providers.

Since October 2019 all energy purchased has been from a renewable source which gives zero emissions.

The company is committed to operating in an environmentally sustainable manner and is continuously evaluating ways for its sites to reduce their energy consumption.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Directors' report (continued)

### Re-appointment of auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

On behalf of the Board

*Daren S Radley*

D. Radley  
Director

Date: 2 August 2023

## Directors' responsibilities statement

The directors are responsible 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that 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.

# **Independent auditor's report**

**to the members of McCormick (UK) Limited**

## **Opinion**

We have audited the financial statements of McCormick (UK) Limited for the year ended 30 November 2022 which comprise the Profit and Loss Account, the Statement of Financial Position, the Statement of comprehensive income, the Statement of changes in equity and the related notes<sup>1</sup> to 25, 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 FRS 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 company's affairs as at 30 November 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 31 August 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **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 this report, we do not express any form of assurance conclusion thereon.

# **Independent auditor's report (continued)**

**to the members of McCormick (UK) Limited**

## **Other information (continued)**

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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 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 or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

# Independent auditor's report (continued)

to the members of McCormick (UK) Limited

## Auditor's responsibilities for the audit of the financial statements (continued)

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees and GDPR.
- We understood how McCormick (UK) Limited is complying with those frameworks by holding enquiries with those charged with governance and management and reading of the Board minutes to identify any non-compliance with laws and regulations. We understood the potential incentive and ability to override the controls. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and considered the compliance with the above laws.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by including how fraud might occur by obtaining and reading internal policies, holding enquiries of management and those charged with governance as to any fraud risk framework within the entity. We considered the controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those controls. Where this risk was higher, which we determined to be within manual rebate accruals, we performed audit procedures to address the identified fraud risk. Our procedures involved performing a walkthrough of significant classes of rebate transactions to understand significant process and identify and assess the design effectiveness of controls. We tested the completeness of the listing by agreeing the total to the amount posted to the trial balance, selected a sample of rebates transactions recognised around the year end date and performed detailed testing which included obtaining third party confirmations of the balance/s, verifying contract terms, recalculating the accrual posted, and agreeing the amount/s to post year-end settlement of the rebate. As well as this we performed analytical procedures to identify unusual transaction, lookback analysis on the Company's prior year rebate accruals and compared a sample of prior year accruals to actual utilization of rebate accruals in the current year. In relation to management override, we used data analytics to sample from the relevant population of journals, tested journal entries based on specific criteria and also tested top side journal entries. The support obtained for journals selected varied according to the type of journal posted but included gaining an understanding of the business a rationale for the journal and obtaining relevant evidence for the amount posted, such as third-party evidence or internal calculations.

## Independent auditor's report (continued)

to the members of McCormick (UK) Limited

### Auditor's responsibilities for the audit of the financial statements (continued)

*Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)*

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
  - Enquiry of management and those charged with governance as to any fraud risk framework within the entity.
  - Enquiry of management, those charged with governance around actual and potential litigation and claims.
  - Evaluating the business rationale of significant transactions outside the normal course of business, which we did not find any.
  - Challenging judgements made by management. This included corroborating the inputs and considering contradicting evidence.
  - Reading of the financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
  - Verifying that material transactions are recorded in compliance with FRS 102 and, where appropriate, the Companies Act 2006.

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

### Use of our report

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

*Ernst & Young LLP*

Carl Stone (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading

Date 2 August 2023

## Profit and loss account

for the year ended 30 November 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	2	349,251	311,137
Cost of sales		(281,283)	(230,772)
<b>Gross profit</b>		67,968	80,365
Selling and distribution expenses		(48,068)	(45,536)
Administrative expenses		(42,795)	(34,873)
Research and development expenditure	3	(5,699)	(5,363)
Management fee income		6,407	5,777
Share incentive scheme charges	18	(2,186)	(1,848)
		(92,341)	(81,843)
<b>Operating (loss)</b>	3	(24,373)	(1,478)
Income from investments	11	-	3,388
Interest receivable		156	17
Interest payable	6	(4,244)	(4,084)
Other finance income	7	470	175
		(3,618)	(504)
<b>(Loss) on ordinary activities before taxation</b>		(27,991)	(1,982)
Taxation	8	2,955	2,488
<b>(Loss) / profit on ordinary activities after taxation and (loss) / profit retained for the year</b>		(25,036)	506

Turnover for the year was generated from continuing activities.



## Statement of comprehensive income

for the year ended 30 November 2022

		2022 £'000	2021 £'000
(Loss) / profit for the year		(25,036)	506
Remeasurement gain recognised on defined pension scheme	20	2,451	18,322
Deferred tax (expense) related to pension scheme liability	8	(465)	(3,481)
<b>Total other comprehensive income</b>		<b>1,986</b>	<b>14,841</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(23,050)</b>	<b>15,347</b>

## Statement of changes in equity

for the year ended 30 November 2022

	<i>Called-up share capital £'000</i>	<i>Retained earnings £'000</i>	<i>Total Equity £'000</i>
Balance at 1 December 2020	105,093	85,439	190,532
Profit for the year	-	506	506
Other comprehensive income for the year	-	14,841	14,841
Share based payments	-	1,848	1,848
<b>Balance at 30 November 2021</b>	<b>105,093</b>	<b>102,634</b>	<b>207,727</b>
(Loss) for the year	-	(25,036)	(25,036)
Other comprehensive income for the year	-	1,986	1,986
Share based payments	-	2,186	2,186
<b>Balance at 30 November 2022</b>	<b>105,093</b>	<b>81,770</b>	<b>186,863</b>

## Statement of financial position

At 30 November 2022

	<i>Note</i>	<i>2022</i> £'000	<i>2021</i> £'000
<b>Fixed assets</b>			
Intangible assets	9	4,691	5,696
Tangible assets	10	155,197	142,448
Investments	11	55,364	55,357
		<u>215,252</u>	<u>203,501</u>
<b>Current assets</b>			
Stocks	12	60,825	44,851
Debtors			
Amounts falling due within one year	13	66,882	84,658
Amounts falling due in more than one year	13	3,201	6,603
		<u>70,083</u>	<u>91,261</u>
Cash at bank and in hand		956	4,356
		<u>131,864</u>	<u>140,468</u>
<b>Total current assets</b>			
<b>Creditors:</b> amounts falling due within one year	14	(115,060)	(88,128)
		<u>16,804</u>	<u>52,340</u>
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		<u>232,056</u>	<u>255,841</u>
<b>Creditors:</b> amounts falling due after more than one year	15/16	(77,500)	(77,500)
		<u>154,556</u>	<u>178,341</u>
<b>Net assets excluding pension</b>			
Defined benefit pension asset	20	32,307	29,386
		<u>186,863</u>	<u>207,727</u>
<b>Net assets</b>			
<b>Capital and Reserves</b>			
Called up share capital	17	105,093	105,093
Profit and loss account		81,770	102,634
		<u>186,863</u>	<u>207,727</u>
<b>Total equity shareholders' funds</b>			

Approved by the Board:

*Daren S Radley*

D. Radley  
Director

Date: 2 August 2023

## Notes to the financial statements

at 30 November 2022

### 1. Accounting policies

#### *Statement of compliance*

McCormick UK Limited is a limited liability company incorporated in Scotland. The Registered Office is 19 Canning Street, Edinburgh EH3 8EH.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – the ‘Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (“FRS 102”), and with the Companies Act 2006.

#### *Basis of preparation*

The financial statements of McCormick (UK) Limited were authorised for issue by the Board of Directors on 2 August 2023.

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company and rounded to the nearest £’000.

The company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements, as it is a wholly owned subsidiary and is included by full consolidation in the publicly available consolidated financial statements of its ultimate parent company, McCormick & Company, Incorporated, a company incorporated in the USA. Therefore, these financial statements present information about the company and not its group.

The company have also adopted the following reduced disclosure exemptions under FRS102, based on equivalent disclosures being available in the consolidated financial statements of its ultimate parent company:

- The requirements in Section 7 “Statement of Cash Flows” and Section 3 “Financial Statement Presentation” paragraph 3.17(d);
- The requirements of Section 11 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A and
- The requirements of Section 33 “Related Party Disclosures” paragraph 33.1A, the company does not disclose transactions with other wholly owned fellow group undertakings.

#### *Going concern*

The company is expected to generate negative cash flows during the going concern period as the company continues to invest in new production facilities. The company participates in the group’s centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. Given this inter reliance on the group for funding the directors have obtained a letter of support from the ultimate parent company, McCormick and Company, Incorporated, that they can and will provide sufficient funding for the company to meet its liabilities as and when they fall due for the going concern assessment period to 31 August 2024 (the going concern assessment period), through continued access to the group cash pooling arrangement.

Accordingly, given this reliance on the group, the directors have considered the funding requirements of the company and the group in making their going concern assessment. The directors, having assessed the responses of the directors of the company’s ultimate parent to their enquiries, including assessment of their forecasts and available banking facilities, for the going concern assessment period, have no reason to believe that a material uncertainty exists that may cast doubt over the ability of the company to continue as a going concern. In reaching this conclusion the directors have considered the impact of the inflationary macroeconomic pressures and uncertain geopolitical environment on the continued availability of the group’s cash pooling arrangement and the funding position of the group that underpins it to support the ongoing activities of the company.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern assessment period to 31 August 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## Notes to the financial statements (continued)

at 30 November 2022

### 1. Accounting policies (continued)

#### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates.

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

#### *Operating lease commitments*

The group has entered into commercial leases as a lessee and obtains the use of property, plant and equipment. The classification of such leases as operating or finance leases requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and a liability to be recognised in the statement of financial position

The following are the Company's key sources of estimation uncertainty:

#### *Pension benefits*

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### *Taxation*

The company and its parent establish provisions based on reasonable estimates, for the possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

#### *Goodwill*

The company establishes an estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected useful life of the acquired business, the expected usual life of the cash generating unit and any legal, regulatory or contractual provisions that could limit the useful life and assumptions that market participants would consider in respect of similar businesses.

#### *Impairment of investments and other intangibles*

Where there are indicators of impairment of individual assets, the company perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flows and the growth rates used for extrapolation purposes. Other intangibles held by the company have been fully amortised.

#### *Significant accounting policies*

#### *Goodwill*

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is being written off through the profit and loss account in equal annual instalments over its estimated economic life of ten years. If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

## Notes to the financial statements (continued)

at 30 November 2022

### 1. Accounting policies (continued)

#### *Significant accounting policies (continued)*

##### *Impairment of non-financial assets*

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists, the company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

##### *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment, other than freehold land and assets in the course of construction, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Buildings	30 – 40 years
Plant and machinery	8 – 15 years
Furniture and fixtures	8 years
Computer hardware and software	3 - 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### *Investments*

Fixed asset investments are stated at cost less provision for any impairment in value.

##### *Leased assets*

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

##### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and conditions, as follows:

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first-out basis.
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and sale.

##### *Cash and cash equivalents*

Cash and cash in hand in the balance sheet comprise cash at banks and in hand.

##### *Short-term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

##### *Interest-bearing loans and borrowings*

All interest-bearing loans and borrowings which are basic financial instruments are initially recognized at the present value of cash payable (including interest). After initial recognition, they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortised is included in interest income in the income statement.

## Notes to the financial statements (continued)

at 30 November 2022

### 1. Accounting policies (continued)

#### *Significant accounting policies (continued)*

##### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

##### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### *Interest income*

Income is recognised as interest accrues using the effective interest method.

##### *Dividends*

Dividend income is recognised when the company's right to receive payment is established.

##### *Research and development expenditure*

Laboratory buildings and equipment used for research and development are included as property, plant and equipment and written off in accordance with the company's depreciation policy. Other research and development expenditure is written off as it is incurred.

##### *Provisions for liabilities*

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### *Pension costs*

The company operates both a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit scheme was closed to new members in October 2002 from which time membership of a defined contribution plan was made available. The defined benefit scheme closed to future accrual with effect from 31 December 2016, no contributions are payable by the company or employees in respect of benefit accrual. During 2018 a cost of £2,537,000 was recognised in the profit and loss account relating to an estimation of costs associated with the equalisation of the Guaranteed Minimum Pension benefit. In November 2020 the High Court made a judgement relating to GMP equalisation and an additional cost of £330,000 was recognised in the 2020 profit and loss account. Additional company contributions may be required if there are any redundancies or augmentations during the year.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance expense.

Re-measurements, comprising actuarial gains and losses and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension liability in the balance sheet comprises the total for the plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

## Notes to the financial statements (continued)

at 30 November 2022

### 1. Accounting policies (continued)

#### *Significant accounting policies (continued)*

##### *Share-based payments*

The company has two types of share-based compensation awards: restricted stock units (RSUs) and share options. The share-based payment awards are granted by the ultimate parent company to employees of group members.

##### *RSUs*

RSUs are valued at the market price of the underlying shares, discounted for foregone dividends, on the date of grant. Substantially all of the RSUs granted vest over a three year term or upon retirement.

##### *Stock Options – equity settled transactions*

Stock options are granted with an exercise price equal to the market price of the stock on the date of grant. Substantially all of the options vest rateably over a three-year period or upon retirement and are exercisable over a 10-year period. Upon exercise of the option, shares are issued from the ultimate parent companies authorised and unissued shares.

The company has recognised the expense of share-based payments over the vesting period of each grant.

##### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income when it is recognised in the statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability / (asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### *Foreign currencies*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

The balance sheet accounts of the company's Swiss registered branch are translated at the rate of exchange ruling at the balance sheet date and the profit and loss accounts are translated using an average rate of exchange for the financial year. The exchange difference arising on the retranslation of opening net assets is taken directly to the profit and loss accounts. All other translation differences are taken to the profit and loss account.



## Notes to the financial statements (continued)

at 30 November 2022

### 1. Accounting policies (continued)

#### *Significant accounting policies (continued)*

##### *Derivative instruments*

The company is exposed to foreign currency fluctuations affecting transactions denominated in foreign currencies. The company uses forward foreign currency contracts to reduce exposure to foreign exchange rate fluctuations.

Derivative financial instruments are initially measured at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

The company does not undertake any hedge accounting transactions.

### 2. Turnover and segmental analysis

Turnover represents the amounts derived from the provision of goods which fall within the company's ordinary activities, stated net of value added tax.

Company turnover and operating profit derive from the manufacture and distribution of food and other products. The company has operated within two main segments: Consumer (products for the retail market) and Flavour Solutions (products for the food industry and catering). These segmental results have not been disclosed as the directors believe that it would be against the company's commercial interests.

Turnover is analysed as follows:

	2022 £'000	2021 £'000
	Total	Total
Geographical area by destination:		
United Kingdom	227,600	204,209
Other European countries	99,076	87,629
Rest of world	22,575	19,299
	<u>349,251</u>	<u>311,137</u>
Geographical area by origin:		
United Kingdom	<u>349,251</u>	<u>311,137</u>

## Notes to the financial statements (continued)

at 30 November 2022

### 3. Operating profit

This is stated after charging / (crediting)

	2022 £'000	2021 £'000
Research and development expenditure	5,699	5,363
Depreciation of owned assets (see note 10)	14,893	6,587
Amortisation of goodwill (see note 9)	1,005	1,006
Total depreciation and amortisation charge	<u>15,898</u>	<u>7,593</u>
Auditor's remuneration		
- audit of financial statements	394	324
- audit of subsidiaries and associates	60	65
- total audit	<u>454</u>	<u>389</u>
- other non-audit services	-	-
- total non-audit services	<u>-</u>	<u>-</u>
- total auditor's remuneration	<u>454</u>	<u>389</u>
Operating lease rentals		
- land and buildings	1,114	1,035
- plant and machinery	1,412	1,247
Foreign exchange (gains) / losses	<u>(723)</u>	<u>1,508</u>

Auditor's remuneration of £60,000 (2021: £65,000) attributable to other UK group companies is borne by McCormick (UK) Limited. This amount has not been recharged and is reflected in the company's operating profit for the year.

### 4. Directors' remuneration

	2022 £'000	2021 £'000
Aggregate remuneration in respect of qualifying services	<u>1,484</u>	<u>1,437</u>
Aggregate amounts receivable under long term incentive plans	<u>345</u>	<u>199</u>
Company contributions payable to defined benefit schemes	<u>-</u>	<u>-</u>
	2022 No.	2021 No.
Members of defined benefit scheme	<u>-</u>	<u>-</u>
Members of money purchase pension scheme	<u>3</u>	<u>1</u>

## Notes to the financial statements (continued)

at 30 November 2022

### 4. Directors' remuneration (continued)

The company's directors are part of the share option scheme of its ultimate parent company, McCormick & Company, Incorporated, under which options to subscribe for that company's shares have been awarded to senior management.

	2022 No.	2021 No.
Number of directors who received shares in respect of qualifying services	<u>3</u>	<u>2</u>
Number of directors who exercised options	<u>1</u>	<u>2</u>

The emoluments of one director was paid and accounted for by another McCormick group company McCormick & Company, Incorporated.

The amounts in respect of the highest paid director are as follows:

	2022 £'000	2021 £'000
Aggregate remuneration	<u>871</u>	<u>782</u>
Aggregate amounts receivable under long term incentive plans	<u>74</u>	<u>57</u>
Company contributions payable to defined benefit schemes	<u>-</u>	<u>-</u>
Amount of accrued pension at the year end under defined benefit pension schemes	<u>-</u>	<u>-</u>

During the year the highest paid director received shares under the group's long term incentive scheme.

During 2022 £380,000 (2021 £nil) was paid to one director as compensation for loss of office.

The directors' remuneration relates to their services performed for all UK companies within the McCormick group. The directors' services to other McCormick UK group companies do not occupy a significant amount of their time and are considered to be incidental. As such, the directors do not consider that they have received any remuneration for their services to other McCormick UK group companies for the years ended 30 November 2022 and 30 November 2021.

### 5. Staff costs

	2022 £'000	2021 £'000
Wages and salaries	62,751	54,872
Social security costs	7,041	5,629
Share incentive scheme charges (see note 18)	2,186	1,848
Contribution to defined contribution scheme	<u>2,932</u>	<u>2,687</u>
	<u>74,910</u>	<u>65,036</u>

## Notes to the financial statements (continued)

at 30 November 2022

### 5. Staff costs (continued)

The average monthly number of employees during the year was made up as follows:

	2022 No.	2021 No.
Manufacturing	552	473
Selling and marketing	95	96
Administration	273	277
	<u>920</u>	<u>846</u>

### 6. Interest payable

	2022 £'000	2021 £'000
Interest on bank overdrafts	19	2
Interest on loan from group undertaking	4,225	4,082
	<u>4,244</u>	<u>4,084</u>

### 7. Other finance income / (expense)

	2022 £'000	2021 £'000
Interest income on pension scheme assets	3,031	2,703
Interest on defined benefit obligation	(2,561)	(2,528)
	<u>470</u>	<u>175</u>

### 8. Tax on profit on ordinary activities

(a) *Tax on profits on ordinary activities*

The tax charge is made up as follows:

	2022 £'000	2021 £'000
<i>Current tax:</i>		
UK corporation tax at 19% (2021: 19%)	-	180
Group relief payable	-	59
Foreign taxation	-	169
Tax under provided in previous years	90	108
	<u>90</u>	<u>516</u>
<i>Deferred tax:</i>		
(Increase) in origination and reversal of timing differences	(3,930)	(261)
Effect of decreased tax rate on opening position	885	(2,700)
Tax (over) provided in previous years	-	(43)
	<u>(3,045)</u>	<u>(3,004)</u>
(Increase) in total deferred tax	<u>(3,045)</u>	<u>(3,004)</u>
Tax on (loss) on ordinary activities (note 8(c))	<u>(2,955)</u>	<u>(2,488)</u>

## Notes to the financial statements (continued)

at 30 November 2022

### 8. Tax on profit on ordinary activities (continued)

#### (a) Tax on profits on ordinary activities (continued)

	2022	2021
	£'000	£'000
Current Tax	90	516
Deferred tax	(3,045)	(3,004)
Tax on (loss) on ordinary activities	<u>(2,955)</u>	<u>(2,488)</u>

#### (b) Tax included in the statement of total other comprehensive income

The tax charge / (credit) is made up as follows:

	2022	2021
	£'000	£'000
<i>Deferred tax:</i>		
Actuarial (gain) on pension scheme	(2,451)	(18,322)
Decrease in deferred tax related to defined benefit pension liability at year end	465	3,481
deferred tax rate	<u>465</u>	<u>3,481</u>
Decrease in tax relating to other comprehensive income	<u>465</u>	<u>3,481</u>

#### (c) Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are reconciled below:

The tax charge / (credit) is made up as follows:

	2022	2021
	£'000	£'000
(Loss) on ordinary activities before tax	<u>(27,991)</u>	<u>(1,982)</u>
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(5,318)	(376)
Fixed asset differences	195	244
Expenses not deductible for tax purposes (including goodwill amortisation)	40	299
Exempt ABGH distributions	-	(643)
Deferred tax not recognised	3,752	343
Share scheme adjustments	(526)	(190)
Foreign tax charge	-	169
Group relief claimed	-	(12)
Group relief paid for	-	59
Change in tax laws and rates	(1,731)	(2,304)
Prior year adjustment	90	-
Other	-	107
Adjustment to tax charge in respect of previous periods	<u>543</u>	<u>(184)</u>
Total tax (income)	<u>(2,955)</u>	<u>(2,488)</u>

## Notes to the financial statements (continued)

at 30 November 2022

### 8. Tax on profit on ordinary activities (continued)

*(d) Factors that may affect future tax charges*

On 17 March 2020, the corporate tax rate reduction to 17% was cancelled, with the tax rate remaining at 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were enacted through Finance Act 2021 on 10 June 2021 and by the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end.

*(e) Deferred Tax:*

The deferred tax included in the balance sheet is as follows:

	2022 £'000	2021 £'000
Included in debtors (note 13)	10,606	8,026
	<u>10,606</u>	<u>8,026</u>
Accelerated capital allowances	17,111	14,288
Share-based payments	1,595	1,115
Tax losses carried forward	-	-
Capital loss	-	-
Short term timing differences	(23)	(31)
Pension costs	(8,077)	(7,346)
	<u>10,606</u>	<u>8,026</u>
Provision for deferred tax asset		
At 1 December 2021		8,026
Deferred tax credit in profit and loss account		3,045
Amount debited to other comprehensive income		(465)
At 30 November 2022		<u>10,606</u>

The company expects the deferred tax assets to reverse over the next 10 years. The company has losses related to loan relationships totalling £4,088,000 (2021 £nil), capital losses totalling £3,757,000 (2021 £3,757,000), losses relating to the trade of McCormick (UK) Limited of £10,886,000 (2021 £nil) and the trade of GG (Europe) Limited of £2,583,000 (2021 £2,547,000) which are not recognised for deferred tax purposes. The deferred tax rate used reflects the rates at which the temporary differences are expected to unwind.

## Notes to the financial statements (continued)

at 30 November 2022

### 9. Intangible fixed assets

	<i>Trademark</i> <i>£'000</i>	<i>Goodwill</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
<i>Cost:</i>			
At 1 December 2021 and 30 November 2022	830	22,264	23,094
<i>Amortisation:</i>			
At 1 December 2021	830	16,568	17,398
Provided during the year	-	1,005	1,005
At 30 November 2022	830	17,573	18,403
<i>Net book value:</i>			
At 30 November 2022	-	4,691	4,691
At 1 December 2021	-	5,696	5,696

Goodwill arising from the acquisition of the trade and related assets of R.T. French's Food Company Limited is being amortised over the directors' estimate of its useful life of 10 years.

## Notes to the financial statements (continued)

at 30 November 2022

### 10. Tangible fixed assets

	<i>Freehold land</i>	<i>Freehold buildings</i>	<i>Leasehold property</i>	<i>Plant, machinery, vehicles and equipment</i>	<i>Assets in the course of construction</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Cost:</i>						
At 1 December 2021	17,907	24,672	2,264	77,889	85,697	208,429
Disposals	-	-	-	(748)	-	(748)
Additions	2	3,480	2	8,285	15,953	27,722
Transfers	113	45,106	-	30,822	(76,041)	-
At 30 November 2022	18,022	73,258	2,266	116,248	25,609	235,403
<i>Depreciation:</i>						
At 1 December 2021	-	12,841	2,059	51,081	-	65,981
Disposals	-	-	-	(668)	-	(668)
Provided during the year	-	2,830	164	11,899	-	14,893
At 30 November 2022	-	15,671	2,223	62,312	-	80,206
<i>Net book value:</i>						
At 30 November 2022	18,022	57,587	43	53,936	25,609	155,197
At 30 November 2021	17,907	11,831	205	26,808	85,697	142,448

The company is currently completing a significant new facility in Peterborough to consolidate our UK based condiments manufacturing operations and distribution centres into a net-zero carbon facility in an effort to both improve profitability and expand our capacity.

### 11. Investments

	<i>Subsidiaries £'000</i>	<i>Joint venture £'000</i>	<i>Total £'000</i>
At 1 December 2021 and 30 November 2021	55,127	230	55,357
Additions		7	7
At 30 November 2022	55,127	237	55,364

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are set out page 32. Unless otherwise shown, the investments are in companies incorporated within the United Kingdom.

During the year the company made a £7,000 investment in a Turkish joint venture MCKU Food Trading Limited Company.

During the year the company received dividends of £nil. (2021 - £ 3,388,000)



## Notes to the financial statements (continued)

at 30 November 2022

### 11. Investments (continued)

The following companies are directly owned by the company:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>	<i>Incorporated in</i>	<i>A/C's Date</i>
McCormick South Africa (Pty) Limited	Ordinary	100%	Dry savoury flavourings for the crisp and snack markets	South Africa	30-11
McCormick (Littleborough) Limited	Ordinary	100%	Non-trading	UK	30-11
McCormick Merchandising Services Limited	Ordinary	100%	Provision of merchandising services	UK	30-11
McCormick Italy Holdings S.r.l	Ordinary	59%	Holding company	Italy	30-11
McCormick Shared Services – EMEA LLC	Ordinary	100%	Business services	Poland	30-11

#### *Joint ventures*

McCormick Kutas Food Service Limited	Ordinary	50%	Holding company	UK	30-11
MCKU Food Trading Limited Company	Ordinary	50%	Holding company	Turkey	30-11

The following companies are owned through subsidiary undertakings:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>	<i>Incorporated in</i>	<i>A/C's Date</i>
McCormick Condiments South Africa (Pty) Limited	Ordinary	100%	Non-trading	South Africa	30-11
Drogheria e Alimentari S.p.A	Ordinary	59%	Manufacturing, packaging and selling of food products	Italy	30-11
Drogheria e Alimentari Deutschland GmbH	Ordinary	59%	Manufacturing, packaging and selling of food products	Germany	30-11
Enrico Giotti S.p.A	Ordinary	59%	Manufacturing and selling of food products	Italy	30-11

#### *Joint venture*

McCormick Kütaş Gıda Sanayi Diş Ticaret Anonim Şirket	Ordinary	50%	Manufacturing, packaging and selling of food products	Turkey	30-11
McCormick Kutas Switzerland GmbH	Ordinary	50%	Holding company	Switzerland	30-11
McCormick Kutas Middle East FZE	Ordinary	50%	Manufacture and distribution of food products	United Arab Emirates	30-11

## Notes to the financial statements (continued)

at 30 November 2022

### 12. Stocks

	2022 £'000	2021 £'000
Raw materials	27,932	19,518
Work in progress	1,472	1,151
Finished goods	31,421	24,182
	<u>60,825</u>	<u>44,851</u>

The difference between the purchase price or production cost of goods and their replacement cost is not material.

Stocks recognised as cost of sales for the year ended 30 November 2022 were £278,819,000 (2021 £223,624,000).

The stock impairment provisions included in cost of sales for the year ended 30 November 2022 were £4,053,000 (2021 £3,201,000).

### 13. Debtors

	2022 £'000	2021 £'000
<i>Amounts falling due within one year</i>		
Trade debtors	49,502	39,720
Amounts owed by group undertakings	1,062	38,662
Derivative financial instruments	764	88
Other debtors	6,664	3,929
Corporation tax	200	90
Prepayments and accrued income	901	746
Current deferred tax	7,789	1,423
	<u>66,882</u>	<u>84,658</u>
<i>Amounts falling due in more than one year</i>		
Prepayments and accrued income	384	-
Non-current deferred tax	2,817	6,603
	<u>70,083</u>	<u>91,261</u>

The trade debtors provision included in administrative costs for the year ended 30 November 2022 was a reduction of £60,000 (2021 was an increase in provision of £40,000).

## Notes to the financial statements (continued)

at 30 November 2022

### 14. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank overdraft	264	230
Trade creditors	66,144	50,588
Derivative financial instruments	-	53
Amounts owed to group undertakings	12,772	2,325
Corporation tax	-	-
Other taxes and social security	1,728	1,557
Accruals and deferred income	34,152	33,375
	<u>115,060</u>	<u>88,128</u>

### 15. Creditors: amounts falling due in more than one year

	2022 £'000	2021 £'000
Loans from group undertakings (see note 16)	<u>77,500</u>	<u>77,500</u>

### 16. Loans

Loans repayable, included within long term creditors and all payable to group undertakings, are analysed as follows

	2022 £'000	2021 £'000
Wholly repayable within five years:		
7% unsecured loan repayable on 30 November 2025	37,500	37,500
Not wholly repayable within five years:		
4% unsecured loan repayable on 24 February 2031	40,000	40,000
	<u>77,500</u>	<u>77,500</u>

### 17. Share capital

	2022 No.(000)	2021 No.(000)	2022 £'000	2021 £'000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of 1p each	10,509,377	10,509,377	105,093	105,093

The company is limited by shares and all of the ordinary shares rank pari passu and no preferential rights have been granted.

## Notes to the financial statements (continued)

at 30 November 2022

### 18. Share based payment plans

The company has two types of share-based compensation awards: restricted stock units (RSUs) and share options. All awards relate to the shares of the ultimate parent company, McCormick & Company, Incorporated and are granted and approved by the Board of McCormick & Company Incorporated.

RSUs are valued at the market price of the underlying stock, discounted by foregone dividends, on the date of grant. Substantially all of the RSUs granted vest over a three-year term or upon retirement.

Stock options are granted with an exercise price equal to the market price of the stock on the date of the grant. Substantially all of the options vest rateably over a three-year period or upon retirement and are exercisable over a 10-year period.

#### RSUs

The following table summarises the number and weighted average price of the movements in RSUs during the periods ended 30 November 2022 and 30 November 2021.

	2022 No. '000	2022 Weighted average price £	2021 No. '000	2021 Weighted average price £
Outstanding as at 1 December	41	58.43	46	49.04
Granted during the year	21	75.27	22	62.91
Forfeited during the year	(8)	67.02	(4)	54.40
Exercised during the year	(19)	59.67	(23)	45.51
Outstanding at 30 November	35	73.43	41	58.43

#### Stock Options

The following table summarises the number and weighted average price of the movements in stock options during the periods ended 30 November 2022 and 30 November 2021.

	2022 No. '000	2022 Weighted average price £	2021 No. '000	2021 Weighted average price £
Outstanding as at 1 December	447	8.04	405	7.35
Granted during the year	41	17.65	44	13.35
Forfeited during the year	(11)	14.72	-	-
Exercised during the year	(80)	6.03	(2)	7.48
Outstanding at 30 November	397	10.27	447	8.04

As a member of a group whose employees are granted a share-based payment award by the ultimate parent company, the group has recognised the expense of the share-based payment over the vesting period of each grant. The expense recognised for share based payments in respect of employee services received during the period ended 30 November 2022 is £2,186,000 (2021 £1,848,000).

## Notes to the financial statements (continued)

at 30 November 2022

### 19. Obligations under lease contracts

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2022		2021	
	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>
	£'000	£'000	£'000	£'000
Operating leases which expire				
Not later than one year	1,203	863	982	593
Later than one year and not later than five years	340	2,024	557	688
Later than five years	-	551	-	40
	<u>1,543</u>	<u>3,438</u>	<u>1,539</u>	<u>1,321</u>

### 20. Pensions

The disclosures below have been prepared for McCormick (UK) Limited (the "Company") in relation to benefits payable from the McCormick (UK) Limited Pension & Life Assurance Scheme (the "Scheme").

The Scheme is a funded scheme of the defined benefit type, providing retirement benefits based on final salary.

The Scheme closed to future accrual with effect from 31 December 2016, no contributions are payable by the Company or employees in respect of benefit accrual. Additional Company contributions may be required if there are any redundancies or augmentations during the year.

The valuation used for FRS 102, disclosures has been based on full valuation calculations using individual member data as at 30 November 2022 available on Mantle, Spence's administration and valuation platform. The projected unit actuarial costs method was used in the calculations.

The triennial review of the scheme is in progress based on a valuation date of March 2023.

## Notes to the financial statements (continued)

at 30 November 2022

### 20. Pensions (continued)

The principal assumptions used by the independent qualified actuary to calculate the liabilities under FRS 102 are set out below:

Main financial assumptions	2022. % p.a.	2021. % p.a.
Discount rate	4.34	1.60
Price Inflation		
RPI inflation	2.90	3.30
CPI inflation	2.40	2.80
Revaluation in deferment	2.40	2.80
Pension increases:		
Pre April 1997	0.00	0.00
April 1997 – April 2006	2.80	3.20
Post April 2006	2.00	2.10
Pre 1988 GMP	0.00	0.00
Post 1988 GMP	2.00	2.10
Mortality table		
Male	120% S3PMA	120% S3PMA
Female	110% S3PFA	110% S3PFA
Future mortality improvements	CMI 2021 projections with a long term rate of improvement of 1.50% using all core parameters	CMI 2019 projections with a long term rate of improvement of 1.50% using all core parameters
Expected rate of return on scheme assets *	4.34	1.60
Cash commutation	75% of members are assumed to commute 100% of maximum tax efficient pension allowed at age 65	
GMP equalisation reserve	1.90% of the scheme's total liability	

\*In accordance with FRS102, this assumption is set equal to the discount rate. It will be used in the calculation of the net interest cost item of the profit and loss charge.

#### Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements.

The assumptions are that a member currently aged 65 will live on average for a further 21 years if they are male and for a further 24 years if they are female.

For a member who retires in 2040 at age 65, the assumptions are that they will live on average for a further 22 years if they are male and for a further 26 years if they are female.

## Notes to the financial statements (continued)

at 30 November 2022

### 20. Pensions (continued)

#### Sensitivities of assumptions

The table below provides information on the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions.

The table shows the impact of changes to each assumption in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact in the defined benefit obligation.

These sensitivities have been calculated using the same methodology as used for the main calculations, and there has been no change since the previous period to the method and assumptions used in preparing the sensitivity analysis.

Assumption	Change in DBO (£'000)
0.25% p.a. reduction in discount rate	3,721
0.25% p.a. increase in inflation rate	2,184
Pensions paid for one year longer*	3,105

\*The sensitivity shown for the mortality assumption represents an increase in life expectancy by assuming each member was born one year later and therefore has the life expectancy of someone aged one year younger.

#### Fair value of assets by class

	Value at 30 November 2022 £'000	Value at 30 November 2021 £'000
Equities	41,348	62,948
Bonds	90,856	127,768
Cash	968	1,221
Total	<u>133,172</u>	<u>191,937</u>

#### Reconciliation of funded status to balance sheet

	Value at 30 November 2022 £'000	Value at 30 November 2021 £'000
Fair value of scheme assets	133,172	191,937
Present value of funded scheme liabilities	(100,865)	(162,551)
Gross pension asset	<u>32,307</u>	<u>29,386</u>

## Notes to the financial statements (continued)

at 30 November 2022

### 20. Pensions (continued)

#### *Changes to the present value of the defined benefit obligation*

Year ending	30 November 2022	30 November 2021
	£'000	£'000
Opening defined benefit obligation	162,551	158,930
Interest expense	2,561	2,528
Employee contributions	-	-
Remeasurement (gains) / losses		
Actuarial (gains) / losses on scheme liabilities in respect of assumptions	(63,645)	8,451
Actuarial losses / (gains) on scheme liabilities in respect of experience	4,388	(3,460)
Currency exchange differences	-	-
Benefits paid	(4,990)	(3,898)
Curtailments	-	-
Closing defined benefit obligation	<u>100,865</u>	<u>162,551</u>

#### *Changes in fair value of scheme assets*

Year ending	30 November 2022	30 November 2021
	£'000	£'000
Opening fair value of scheme assets	191,937	169,819
Interest income	3,031	2,703
(Loss) / return on scheme assets less interest income	(56,806)	23,313
Employer contributions	-	-
Employee contributions	-	-
Benefits paid	(4,990)	(3,898)
Settlements	-	-
Closing fair value of assets	<u>133,172</u>	<u>191,937</u>

#### *Actual return on scheme assets*

Year ending	30 November 2022	30 November 2021
	£'000	£'000
Interest income on scheme assets	3,031	2,703
(Loss) / return on scheme assets less interest income	(56,806)	23,313
Total (loss) / return on scheme assets	<u>(53,775)</u>	<u>26,016</u>



## Notes to the financial statements (continued)

at 30 November 2022

### 20. Pensions (continued)

#### *Analysis of profit and loss charge*

Year ending	30 November 2022	30 November 2021
	£'000	£'000
Past service cost	-	-
Administration expenses	-	-
Net interest income	(470)	(175)
Past service	-	-
Curtailment cost	-	-
Settlement cost	-	-
	<u>(470)</u>	<u>(175)</u>
(Credit) recognised in profit and loss account	<u>(470)</u>	<u>(175)</u>

#### *Analysis of amounts recognised in other comprehensive income*

Year ending	30 November 2022	30 November 2021
	£'000	£'000
(Loss) / return on scheme assets less interest income	(56,806)	23,313
Actuarial gains and (losses)	59,257	(4,991)
	<u>2,451</u>	<u>18,322</u>
Total gain	<u>2,451</u>	<u>18,322</u>

### 21. Guarantees and other financial commitments

In March 2009 the company's immediate parent undertaking, McCormick Europe Limited, committed to guarantee the company's defined benefit pension scheme to a funded level of 105%, calculated in accordance with the provisions of Section 179 of the Pensions Act 2004.

### 22. Financial Instruments

	2022	2021
	£'000	£'000
<i>Financial assets at fair value through profit or loss</i>		
Derivative financial instruments	764	88
<i>Financial liabilities at fair value through profit or loss</i>		
Derivative financial instruments	-	(53)
<i>Financial assets measured at amortised cost</i>		
Trade debtors	49,502	39,720
Amounts owed by group undertakings	1,062	38,662
Other debtors	6,664	3,929
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	(66,144)	(50,588)
Amounts owed to group undertakings	(12,772)	(2,325)
Loans owed to group undertakings	(77,500)	(77,500)

Derivative financial instruments are used to enhance our ability to manage risk which exist as part of our ongoing business operations. We do not enter into contracts for trading purposes, nor are we a party to any leveraged derivative instrument and all derivatives are designated as hedges. We are not a party to master netting arrangements, and we do not offset the fair value of derivative contracts with the same counterparty in our financial statement disclosures. The use of derivative financial instruments is monitored through regular communication with senior management and the use of written guidelines.

## Notes to the financial statements (continued)

at 30 November 2022

### 23. Related party transactions

During the year, the company entered into the following transactions with its 50% joint ventures, in the ordinary course of the business. Transactions entered into, and trading balances outstanding at 30 November, are as follows:

<i>Related party</i>	<i>Sales to £'000</i>	<i>Purchases from £'000</i>	<i>Amounts owed from £'000</i>	<i>Amounts owed to £'000</i>
McCormick Kütaş Gıda Sanayi Diş Ticaret Anonim Şirket				
2022	4,979	2,379	477	-
2021	5,646	1,989	914	246
McCormick Middle East FZE				
2022	2,834	12	585	-
2021	1,650	14	374	-

Sales and purchases between related parties are made at normal market prices. Outstanding balances with these related parties are unsecured, interest free and cash settlement is expected in line with standard trade terms.

During the year ended 30 November 2022 the company has not made any provision for doubtful debts (2021 £nil) and no amounts have been written off (2021 £nil) relating to the amounts owed by these related parties.

The company is a wholly owned subsidiary of McCormick & Company Incorporated. These financial statements are included in the consolidated group financial statements of the ultimate parent undertaking which are publicly available.

The company has taken advantage of the exemption in FRS 102 related party transactions, Section 33.1A "Related Party Disclosures" not to disclose transactions with other wholly owned group undertakings.

### 24. Post balance sheet events

The directors of company are aware of the future planned liquidation of McCormick Kutas Food Service Limited, an indirect investment of the company and a direct investment of McCormick (UK) Limited of 50%. During 2021, the joint venture partners approved a step plan to transfer their assets in McCormick Kutas Food Service Limited to a new Turkish joint venture, MCKU Food Trading Limited Company, which will be 50% owned by McCormick (UK) Limited. During 2022 the ownership of the two trading companies have been transferred from McCormick Kutas Switzerland GmbH to MCKU Food Trading Limited Company. During 2023 the ownership of McCormick Kutas Food Service Limited has been transferred from McCormick (UK) Limited to MCKU Food Trading Limited Company. McCormick Kutas Switzerland GmbH is in the process of being liquidated. The restructure plan is ongoing.

On 11 May 2023 the company issued 400 ordinary shares with a nominal value of £0.01 each for an aggregate value of £100,000 per share to McCormick International Holdings for a consideration of £40,000,000.

On 11 May 2023 the company repaid its existing loan of £40,000,000 to McCormick Luxembourg S.a.R.L.

**Notes to the financial statements (continued)**

at 30 November 2022

**25. Immediate, ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is McCormick International Holdings, a company incorporated in the United Kingdom. The company's ultimate parent undertaking and controlling party remains McCormick & Company, Incorporated, a company incorporated in the USA.

The parent undertaking of the smallest and largest group, of which the company is a member, and for which group financial statements are prepared, is McCormick & Company, Incorporated. Copies of the consolidated financial statements for McCormick & Company, Incorporated are available from its principal place of business at 24 Schilling Road, Suite 1, Hunt Valley, Maryland, MD 21031, USA.