

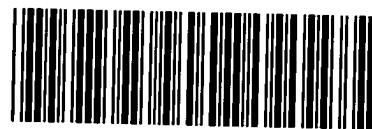
Glanbia Performance Nutrition (UK) Limited

Directors' report and financial statements

Registered number: 02828321

31 December 2022

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Glanbia Performance Nutrition (UK) Limited
Directors' report and financial statements
31 December 2022
Registered number: 02828321

Company information

Directors

M Garvey
L Hennigan
A Shaw
S Waters

Company secretary

L Hennigan

Registered number

02828321

Registered office

The Colmore Building
20 Colmore Circus
Queensway
Birmingham
B4 6AT
United Kingdom

Independent auditor

Deloitte Ireland LLP
Chartered Accountants & Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Solicitors

Pinsent Masons LLP
55 Colmore Row
Birmingham
B3 2FG
United Kingdom

Strategic report

The Directors present their strategic report for the financial year ended 31 December 2022 (referred to as 2022 throughout the financial statements).

Business review

The Company's business, the manufacture of performance nutrition and wellness products, performed favourably during the financial year. Highlights of the results are as follows:

Turnover increased by 25.9% to £128,997,286 (2021: £102,435,871)
Cost of goods sold increased by 25.6% to £122,851,669 (2021: £97,813,712)
Gross profit increased by 33.0% to £6,145,617 (2021: £4,622,159)
Average number of employees in 2022: 222 (2021: 239 employees)

At the financial year end the Company had net current assets of £12,626,220 (2021: £13,911,037) and net assets of £17,551,748 (2021: £19,416,837).

Principal risks and uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Company. The performance of the Company may also be affected by general economic conditions.

The principal risks affecting the Company include the following:

(i) Product demand

Consumers are becoming ever more demanding regarding product functionality and appearance and, consequently, product lives are becoming shorter. There is a risk that the Company's manufacturing capabilities will not evolve at the same pace or in the same direction as consumer demands.

(ii) Foreign currency exchange rate fluctuations

The Company is exposed to fluctuation in foreign currency exchange rates as it has significant currency flows in euro and US dollars which are not naturally hedged.

(iii) Economic risk

Deterioration in economic growth may impact the Company's performance and the achievement of organic growth targets. Risk continues to increase in this area primarily due to the significant inflationary pressures across the global economy and the geo-political risks associated with the conflict between Russia and the Ukraine.

The Company's strategy is aimed at focusing on key customer relationships which will help to shelter it from short-term economic fluctuations. The Directors regularly assess key market trends and implications for the Company's performance and strategic objectives. Corrective actions are identified and implemented as required.

Strategic report (continued)

Principal risks and uncertainties (continued)

(iv) Financial instrument risks

(a) Credit risk


Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's objective is to minimise credit risk. The Company is mainly exposed to credit risk from credit sales. The Company's credit risk management policy requires that, where possible, all debt is insured with an external credit insurance underwriter. No goods are dispatched on credit until the credit controller has authorised the application confirming all necessary procedures have been complied with. The Company's authorisation review includes external credit agency reports, the trading and financial history and position of the customer, the business case, the country in which the customer operates and any other available information. The utilisation of credit limits is actively managed and reviewed formally on an annual basis. Where the extension of credit is not appropriate, payment in advance is required. Outstanding customer balances are regularly monitored and reviewed for credit losses by consideration of information such as evidence of financial difficulty of the customer, payment default, and breach of contract.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's objective is to ensure that it does not encounter difficulties in meeting obligations associated with financial liabilities as they become due. The Company aims to manage liquidity risk by managing its working capital requirements and via intercompany funding where appropriate. The Company uses cash flow forecasts on a regular basis to monitor the funding requirements.

The Company has a long and successful track record of managing risks. The Directors are confident that there is a strong management team in place capable of dealing with any issues that may arise.

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

DocuSigned by:

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L Hennigan
Director
Date: 13 September 2023

Directors' report

The Directors presents their report and the financial statements for the financial year ended 31 December 2022.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including "FRS 101", have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Principal activity

The Company is primarily engaged in the manufacture of performance nutrition and wellness products. The Company is also engaged in the provision of research and development services.

Results and dividends

The profit for the financial year, after taxation, amounted to £3,104,779 (2021: £3,551,183).

During the financial year the Company paid a dividend of £5,000,000 (2021: nil) to Glanbia (UK) Limited (note 9 to the financial statements).

Going concern

The Directors reviewed the results for the financial year and the financial position at the financial year-end and considered its position to be satisfactory. The Directors are satisfied that the Company has sufficient reserves to meet the expected costs of the Company over the next 12 months. Accordingly, the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

Directors

The Directors who served during the financial year were:

M Garvey (appointed 16 June 2023)
L Hennigan (appointed 14 December 2022)
N O'Dwyer (resigned 14 December 2022)
A Shaw (appointed 16 June 2023)
S Waters (appointed 16 June 2023)

Directors' interests

The Directors do not hold any beneficial interest (as defined by the Companies Act 2006) in the shares of the Company. In accordance with the Companies (Disclosure of Director's Interests) (Exceptions) Regulations 2006, as the Company is a wholly owned subsidiary of Glanbia plc, a body incorporated outside Great Britain, no director's interests in that company are required to be disclosed.

Directors' report (continued)

Future developments

The Directors expect that the Company will continue to be principally engaged in the manufacture of performance nutrition and wellness products, and the provision of research and development services for the foreseeable future.

Research and development activities

The Company incurred costs of £568,600 during the financial year (2021: £535,454) on its provision of research and development services with regard to performance nutrition and wellness products (note 3 to the financial statements).

Energy and carbon reporting

(i) Greenhouse Gases ("GHG") emissions and energy usage

	UK and offshore 2022	UK and offshore 2021
CO ₂ e emissions from combustion of gas (Scope 1 – tonnes)	250	209
CO ₂ e emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes)	588	637
Total gross CO ₂ e based on above (tonnes)	838	846
Energy consumption used to calculate emissions (kwh)	3,575,368	3,435,356
Intensity measure - tonnes of CO ₂ e per tonne production	0.072	0.0722

(ii) Reporting methodology

Glanbia utilises calculation methodology established by the Intergovernmental Panel on Climate Change (IPCC) for GHG Inventories* as well as guidance from the World Resources Institute (WRI)** on corporate GHG Accounting and Reporting.

*IPCC. 2006 IPCC Guidelines for National Greenhouse Gas Inventories: Prepared by the National Greenhouse Gas Inventories Program, Eggleston, H.S, Buendia, L., Miwa, K., Ngara, T., Tanabe, K., Eds.; IGES: Japan, 2006

**WRI. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. World Business Council for Sustainable Development; World Resource Institute, Switzerland, 2004

(iii) Energy efficiency actions taken

The cornerstone of Glanbia's new strategy is an ambitious commitment to decarbonise our operations and our supply chain. Meeting our carbon targets is the most material and urgent component of our overall strategy. Critically, the commitment is underpinned by the scientific analysis to ensure Glanbia meets the levels of decarbonisation called for in the Paris Agreement. Throughout the project we analysed the details of our footprint, examined technologies that can deliver the required levels of decarbonisation, and provided a roadmap of activity to deliver the ambition. As leaders in dairy sustainability, we are committed to working towards a net zero or negative carbon footprint for our business and our supply chain. In achieving our commitment to a sustainable future, we have:

- Signed up to the Science Based Target initiative (SBTi) in 2021
- Partnered with the Carbon Trust, Schneider Electric and EM3 to model our transition (decarbonisation) plan to 2030
- Committed to reduce carbon emissions by 50% in our manufacturing sites by 2030 (scope 1 and 2)

In order to achieve our scope 1 and 2 target reduction, we will prioritise renewable energy procurement and an energy efficiency focus, informed by energy audits and centre of excellence approach.

Adequate accounting records

The Company's Directors are aware of their responsibilities, under section 386 of the Companies Act 2006, to maintain proper books of account and are discharging their responsibilities by using systems and procedures appropriate to the business and by employing qualified and experienced staff.

Disclosure of information to Statutory Auditor

In accordance with the provisions of section 418 of the Companies Act 2006, each of the persons who is a Director at the time when this Directors' report is approved confirms that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

Directors' indemnity

The Company has entered into a qualifying third party indemnity arrangement for the benefit of its Directors as defined by section 234 of the Companies Act 2006 and which was in force throughout the year and remains in force.

Post balance sheet events

There have been no significant events affecting the Company since the financial year end.

Auditor

A resolution of the shareholder has been passed to dispense with the appointment of auditors annually. Deloitte Ireland LLP will therefore continue as auditor of the Company.

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

DocuSigned by:
Liam Hennigan
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L Hennigan
Director
Date: 13 September 2023

Independent auditor's report to the members of Glanbia Performance Nutrition (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Glanbia Performance Nutrition (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Glanbia Performance Nutrition (UK) Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of Glanbia Performance Nutrition (UK) Limited

We obtained an understanding of the legal and regulatory framework(s) that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Independent auditor's report to the members of Glanbia Performance Nutrition (UK) Limited

Use of our report

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

A handwritten signature in black ink, appearing to read "Daniel Murray".

Daniel Murray (Senior statutory auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 14 September 2023

Income statement

for the financial year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	2	128,997,286	102,435,871
Cost of sales		<u>(122,851,669)</u>	<u>(97,813,712)</u>
Gross profit		6,145,617	4,622,159
Selling and distribution costs		(763,931)	(578,988)
Administrative expenses		<u>(2,311,495)</u>	<u>(511,057)</u>
Operating profit	3	3,070,191	3,532,114
Interest payable and similar charges	6	<u>(22,516)</u>	<u>(20,997)</u>
Profit on ordinary activities before exceptional items and taxation		3,047,675	3,511,117
Exceptional items	7	<u>-</u>	<u>8,550</u>
Profit before taxation		3,047,675	3,519,667
Tax credit on profit	8	<u>57,104</u>	<u>31,516</u>
Profit for the financial year		<u>3,104,779</u>	<u>3,551,183</u>

The notes on pages 15 to 28 form part of these financial statements.

Statement of comprehensive income
for the financial year ended 31 December 2022

	2022	2021
	£	£
Profit for the financial year	<u>3,104,779</u>	<u>3,551,183</u>
Other comprehensive income:		
Other comprehensive income for the financial year	<u>-</u>	<u>-</u>
Other comprehensive income for the financial year, net of income tax	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year	<u>3,104,779</u>	<u>3,551,183</u>

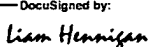
The notes on pages 15 to 28 form part of these financial statements.

Balance sheet

as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	10	108,792	117,267
Tangible assets	11	7,638,656	8,328,907
Right-of-use assets	12	1,757,114	1,432,211
		<u>9,504,562</u>	<u>9,878,385</u>
Current assets			
Stocks	13	21,894,335	19,558,471
Debtors: amounts falling due within one year	14	18,603,921	14,882,145
		<u>40,498,256</u>	<u>34,440,616</u>
Creditors: amounts falling due within one year	15	<u>(27,872,036)</u>	<u>(20,529,579)</u>
Net current assets		<u>12,626,220</u>	<u>13,911,037</u>
Total assets less current liabilities		<u>22,130,782</u>	<u>23,789,422</u>
Creditors: amounts falling due after more than one year	16	<u>(1,443,934)</u>	<u>(1,197,437)</u>
Provisions for liabilities			
Other provisions	17	(2,582,455)	(2,582,455)
Deferred tax liability	18	<u>(552,645)</u>	<u>(592,693)</u>
Net assets		<u>17,551,748</u>	<u>19,416,837</u>
Capital and reserves			
Called up share capital	19	100,000	100,000
Hedging reserve	19	30,132	-
Profit and loss account		<u>17,421,616</u>	<u>19,316,837</u>
Shareholder's equity		<u>17,551,748</u>	<u>19,416,837</u>

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

DocuSigned by:

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L Hennigan
 Director
 Date: 13 September 2023

The notes on pages 15 to 28 form part of these financial statements.

Statement of changes in equity

for the financial year ended 31 December 2022

	Called up share capital £	Hedging reserve £	Profit and loss account £	Shareholder's equity £
Balance at 3 January 2021	<u>100,000</u>	<u>-</u>	<u>15,765,654</u>	<u>15,865,654</u>
Comprehensive income for the financial year				
Profit for the financial year	<u>-</u>	<u>-</u>	<u>3,551,183</u>	<u>3,551,183</u>
Total comprehensive income for the financial year	<u>-</u>	<u>-</u>	<u>3,551,183</u>	<u>3,551,183</u>
Balance at 1 January 2022	<u>100,000</u>	<u>-</u>	<u>19,316,837</u>	<u>19,416,837</u>
Comprehensive income for the financial year				
Profit for the financial year	<u>-</u>	<u>-</u>	<u>3,104,779</u>	<u>3,104,779</u>
Other comprehensive income				
Net investment hedge (note 19)	<u>-</u>	<u>30,132</u>	<u>-</u>	<u>30,132</u>
Total comprehensive income for the financial year	<u>-</u>	<u>30,132</u>	<u>3,104,779</u>	<u>3,134,911</u>
Transactions with owners, recorded directly in equity				
Dividends (note 9)	<u>-</u>	<u>-</u>	<u>(5,000,000)</u>	<u>(5,000,000)</u>
Total contributions by and distributions to owners	<u>-</u>	<u>-</u>	<u>(5,000,000)</u>	<u>(5,000,000)</u>
At 31 December 2022	<u>100,000</u>	<u>30,132</u>	<u>17,421,616</u>	<u>17,551,748</u>

Notes to the financial statements

1. Accounting policies

1.1. Basis of preparation of financial statements

Glanbia Performance Nutrition (UK) Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The address of its registered office is The Colmore Building, 20 Colmore Circus, Queensway, Birmingham B4 6AT.

These financial statements are prepared for the 52-week period ended 31 December 2022. Comparatives are for the 52-week period ended 1 January 2022. The balance sheets for 2022 and 2021 have been drawn up as at 31 December 2022 and 1 January 2022 respectively.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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

The Company has taken advantage of the following disclosure exemptions under FRS 101, where applicable:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- additional comparative information;
- disclosures in respect of transactions entered into between two or more members of a group;
- disclosures in respect of capital management;
- disclosures in respect of paragraph 52 of IFRS 16 'Leases'
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Glanbia plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures where applicable:

- IFRS 2 'Share Based Payments' in respect of group settled share based payments;
- certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- disclosures required by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the cash flows of discontinued operations;
- certain disclosures required by IFRS 3 'Business Combinations' in respect of business combinations undertaken by the Company; and
- disclosures required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instrument Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Re-presentation

Certain comparative amounts in the income statement have been reclassified or re-presented, to achieve a more appropriate presentation. This includes the reclassification of management charge to other Group companies. There was no impact on the prior year operating profit.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Going concern

The Directors reviewed the results for the financial year and the financial position at the financial year-end and considered its position to be satisfactory. The Directors are satisfied that the Company has sufficient reserves to meet the expected costs of the Company over the next 12 months. Accordingly, the Directors believes it is appropriate to prepare the financial statements on a going concern basis.

The financial statements have been prepared in pound sterling ("£"), which is the Company's functional currency.

1.2. Measurement convention

The financial statements have been prepared under the historical cost convention except, where applicable, as modified by use of fair values for certain other financial assets and derivative financial instruments.

1.3. Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

1.4. Intangible assets

Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Costs incurred on the acquisition of computer software and costs directly associated with developing computer software programmes for internal use are capitalised if they meet the recognition criteria of IAS 38 'Intangible Assets'.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The amortisation rate is as follows:

Software: 5- 10 years

All intangible assets are reviewed for impairment annually or more frequently if indicators of impairment exist.

Impairment

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

1.5. Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs, for example the costs of major renovation, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. Assets under construction are not depreciated. The rates of depreciation are as follows:

- Land and buildings 2.5% - 5%
- Plant and machinery 4% - 33%

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.5 Tangible assets (continued)

Impairment

In accordance with IAS 36 'Impairment of Assets', the carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

1.6. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are generally depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

1.7. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Cost is based on the first-in, first-out (FIFO) method or by weighted average cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal capacity). Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges which relate to purchases of raw materials. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Allowance is made, where necessary, for aged, slow moving, obsolete and defective inventories.

1.8. Trade and other debtors

Trade and other debtors are classified and measured at amortised cost as they are held to collect contractual cash flows which comprise solely payments of principal and interest, where applicable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition or where there has been a credit impaired event, a lifetime expected loss allowance is recognised, irrespective of the timing of the default.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debtors. A loss allowance for debtors is estimated based on expected credit losses. To measure expected credit losses, historical loss rates are calculated based on historical credit loss experience. The loss allowance based on historical loss rates is adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors, including the trading environment of countries in which the Company sells its goods, which affect the ability of the debtors to settle the debtors. Debtors are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in a repayment plan with the Company.

1.9. Trade and other creditors

Trade and other creditors are recognised initially at their fair value and subsequently measured at amortised cost.

Notes to the financial statements (continued)**1. Accounting policies (continued)****1.10. Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate ('IBR') at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

For leases of plant and equipment, and motor vehicles for which the Company is a lessee, it has elected not to separate lease and non-lease components, and instead account for these as a single lease component.

1.11. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

1.12. Provisions, contingent liabilities and contingent assets

Provisions are recognised on the balance sheet when the Group has a constructive or legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured using management's best estimate of the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognised as an interest expense.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability.

Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

1.13. Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays contributions into a separate independent entity. The Company has no legal or constructive obligation to pay further contributions.

The contributions are recognised as an employee benefit expense in the income statement when they are due.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.14. Share-based payments

The Company participates in a share-based compensation plan operated by the Glanbia plc group ("Group"). The Group operates a number of equity settled share-based compensation plans which include share option and share award plans which are open to certain senior managers.

The charge to the income statement in respect of share-based payments is based on the fair value of the equity instruments granted and is spread over the performance period.

Awards under the 2018 Long Term Incentive Plan

The fair value of the awards is calculated using discounted cash flows or the Monte Carlo simulation technique where the awards contain both market and non-market vesting conditions. Where applicable, the market vesting condition is total shareholder return ("TSR") and, accordingly, the fair value assigned to the related equity instruments is adjusted so as to reflect the anticipated likelihood at the grant date of achieving the market-based vesting condition. There are no revisions to the fair value at subsequent reporting dates for changes in TSR estimates.

Amounts recharged by Glanbia plc to the Company are recognised as a recharge liability with a corresponding charge to the income statement.

1.15. Derivative financial instrument

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit.

1.16. Turnover

In general, there is one performance obligation relating to the sale of products in a contract with a customer. Performance obligations are met at the point in time when control of the products has transferred to the customer, which is dependent on the contractual terms with each customer. In most cases, control transfers to the customer when the products are dispatched or delivered to the customer. Delivery occurs when the products have been delivered to the specific location.

Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience using the most likely method. Judgement is exercised by management in the determination of quantum and likelihood of rebates and discounts based on experience and historical trading patterns. Rebates and discounts are recorded in the same period as the original revenue.

Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing. Thus, the Company does not adjust any of the transaction prices for the time value of money as a practical expedient as the Company does not expect to have any contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year.

The Company provides research and development services. The Company recognises revenue on a straight line basis over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on the number of months for which services are provided over the period of service i.e. each financial year. The Company invoices bi-annually. The invoices are usually payable within 30 days.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.17. Dividends and other distributions

Dividends on ordinary shares to the Company's shareholders are recognised as a liability of the Company when approved by the Company's shareholders. Proposed dividends that are approved after the balance sheet date are not recognised as a liability but are disclosed in the notes to the financial statements. Interim dividends are recognised when paid.

Capital contributions made by the Company to other fellow Group entities are deducted from reserves when approved.

Capital contributions made by the Company to its subsidiary companies are added to the cost of the investment.

Any monies paid to Glanbia plc to reimburse Glanbia plc for the cash cost of shares vested under the Long-term incentive plan is classified as a distribution and accounted for in the statement of changes in equity.

1.18. Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Finance Act 2023 received Royal Assent on 10 January 2023. The UK corporation tax rate increases to 25% from 1 April 2023 for companies with profits over £250,000 but remains at 19% for companies with profits of £50,000 or less and tapering will apply for companies with profits between £50,000 and £250,000. The lower and upper limits will be proportionately reduced for short accounting periods and where there are associated companies.

Deferred taxes at the balance sheet date have been measured using the 25% tax rate and reflected in these financial statements.

(i) Current tax

Current tax is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in countries where the Company operates and generates taxable income, taking into account adjustments relating to prior years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.19. Exceptional items

The Company has adopted an income statement format that seeks to highlight significant items within the Company results for the year. Such items may include impairment of assets, including significant adjustments arising from the re-assessment of asset lives, adjustments to contingent consideration, significant acquisition integration costs, restructuring costs including termination benefits, profit or loss on disposal or termination of operations, significant reorganisation programmes that may span over a reporting period(s), significant acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring, external events including disasters relating to weather, pandemics, wars and other acts of God and natural disasters, and profit or loss on disposal of investments. Judgement is used by the Company in assessing the particular items which by virtue of their scale and/or nature should be disclosed in the income statement and notes as exceptional items.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.20. Accounting judgements and estimates

In the application of the Company's accounting policies, which are described in this note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. There were neither critical accounting estimates nor significant judgements used in the preparation of these financial statements.

2. Turnover

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

	2022 £	2021 £
Performance nutrition and wellness products	128,362,955	101,840,385
Research and development services	634,331	595,486
	<u>128,997,286</u>	<u>102,435,871</u>

Analysis of turnover by destination:

	2022 £	2021 £
United Kingdom	10,677,573	9,851,419
Rest of Europe	118,319,713	90,920,384
Rest of world	-	1,664,068
	<u>128,997,286</u>	<u>102,435,871</u>

3. Expenses and auditor's remuneration

The operating profit is stated after charging:

	2022 £	2021 £
Amortisation of intangible assets (note 10)	17,828	16,713
Depreciation of tangible assets (note 11)	1,068,755	1,010,656
Depreciation of right-of-use assets (note 12)	248,760	340,312
Lease rentals	73,126	150,222
Foreign currency exchange loss	911,345	203,211
Research and development	568,600	535,454
Audit fees payable to the Company's auditor	<u>7,214</u>	<u>23,542</u>

Notes to the financial statements (continued)

4. Employees

Staff costs were as follows:

	2022	2021
	£	£
Wages and salaries	8,307,808	8,167,308
Social security costs	1,001,472	937,144
Cost of defined contribution plan (note 21)	393,688	352,226
Cost of share-based payments	16,257	27,082
Car allowance	61,909	68,306
	<u>9,781,134</u>	<u>9,552,066</u>

Research and development expenditure includes wages and salaries of £431,348 (2021: £396,081).

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

	2022	2021
	No.	No.
Production	152	188
Sales	5	22
Administration	56	19
Research and development	9	10
	<u>222</u>	<u>239</u>

5. Directors' remuneration

The Directors of the Company who served during the financial year including their connected persons did not receive any remuneration from the Company in the current or preceding year.

6. Interest payable and similar charges

	2022	2021
	£	£
Interest expense on lease liabilities	<u>22,516</u>	<u>20,997</u>
	<u>22,516</u>	<u>20,997</u>

7. Exceptional items

	2022	2021
	£	£
Organisation redesign costs (note (a))	<u>-</u>	<u>(8,550)</u>
	<u>-</u>	<u>(8,550)</u>

Note (a): the credit during 2021 relates to a release of an accrual of the reorganisation costs not required.

Notes to the financial statements (continued)

8. Taxation

	2022 £	2021 £
Current tax		
Current tax on profits for the financial year	-	-
Adjustments in respect of prior years	(17,506)	(286,453)
Total current tax	(17,056)	(286,453)
Deferred tax		
Current year	(25,386)	7,283
Adjustments in respect of prior years	(22,308)	112,461
Effect of change on tax rates	-	142,173
Other	7,646	(6,980)
Total deferred tax	(40,048)	254,937
Taxation on profit	(57,104)	(31,516)

Factors affecting tax charge for the financial year

The tax charge for the financial year is different than (2021: different than) the tax charge that would result from applying the standard rate of corporation tax in the UK to the profit before taxation. The UK corporation tax rate is 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	3,047,675	3,519,667
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	579,058	668,737
Effects of:		
Expenses not deductible for tax purposes and other adjustments	2,565	50,523
Effect of change in deferred tax rate	-	142,173
Other timing differences	(8,306)	5,293
Adjustments to tax charge in respect of prior years	(39,364)	(173,992)
Group relief	(558,840)	(695,602)
Transfer pricing adjustments	(32,217)	(28,648)
Total tax charge for the financial year	(57,104)	(31,516)

The tax charge for the financial year has been reduced by £558,840 (2021: £695,602) because of losses surrendered by a fellow subsidiary undertaking. No payment for this surrender is to be made by the Company.

Factors that may affect future tax charges

The total tax charge in future periods will be affected by any changes to the applicable UK tax rates and other relevant changes in tax legislation, including amendments impacting on the excess of tax depreciation over accounting depreciation and the availability of losses surrendered by a fellow subsidiary undertaking.

9. Dividends

The dividend paid comprises:

	2022 £	2021 £
Interim dividend paid to Glanbia (UK) Limited on 15 December 2022 (£50 per ordinary share)	5,000,000	-
	5,000,000	-

Notes to the financial statements (continued)

10. Intangible assets

	Software £
Cost	
At 2 January 2022	327,259
Additions	<u>9,353</u>
At 31 December 2022	<u>336,612</u>
Amortisation	
At 2 January 2022	209,992
Charge for the financial year	<u>17,828</u>
At 31 December 2022	<u>227,820</u>
Carrying value	
At 1 January 2022	<u>117,267</u>
At 31 December 2022	<u>108,792</u>

11. Tangible assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 2 January 2022	2,253,935	16,350,897	18,604,832
Additions	-	378,504	378,504
Reclassifications	<u>(154,901)</u>	<u>154,901</u>	<u>-</u>
At 31 December 2022	<u>2,099,034</u>	<u>16,884,302</u>	<u>18,983,336</u>
Depreciation			
At 2 January 2022	757,711	9,518,214	10,275,925
Charge for the financial year	86,129	982,626	1,068,755
Reclassifications	<u>(1,976)</u>	<u>1,976</u>	<u>-</u>
At 31 December 2022	<u>841,864</u>	<u>10,502,816</u>	<u>11,344,680</u>
Carrying value			
At 1 January 2022	<u>1,496,224</u>	<u>6,832,683</u>	<u>8,328,907</u>
At 31 December 2022	<u>1,257,170</u>	<u>6,381,486</u>	<u>7,638,656</u>

Included in the closing cost at 31 December 2022 is an amount of £86,753 (2021: £410,861) incurred in respect of assets under construction.

Notes to the financial statements (continued)

12. Right-of-use assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 2 January 2022	1,609,486	260,702	69,369	1,939,557
Additions	-	573,663	-	573,663
At 31 December 2022	1,609,486	834,365	69,369	2,513,220
Depreciation				
At 2 January 2022	243,444	215,846	48,056	507,346
Charge for the financial year	170,696	59,223	18,841	248,760
At 31 December 2022	414,140	275,069	66,897	756,106
Carrying value				
At 1 January 2022	1,366,042	44,856	21,313	1,432,211
At 31 December 2022	1,195,346	559,296	2,472	1,757,114

Other disclosures relating to leases

Lease rentals of £73,126 (2021: £150,222) include short-term leases of £266 (2021: £460) and leases for low value assets of £72,860 (2021: £149,762). There was no income from subleasing and gains/losses on sale and leaseback transactions. The total cash outflow for lease payments during the year was £272,771 (2021: £349,724). At 31 December 2022, the Company had no commitment for short-term leases.

The effect of excluding future cash outflows arising from variable lease payments, termination options, and residual value guarantees from lease liabilities does not apply to this Company.

13. Stocks

	2022 £	2021 £
Raw materials	16,798,566	15,171,294
Work in progress	391,541	192,339
Finished goods	1,465,204	855,295
Consumables	3,239,024	3,339,543
	21,894,335	19,558,471

The replacement cost of stocks does not materially differ from the above amounts.

The cost of inventories recognised as an expense during the year in cost of sales was £105,374,856 (2021: £69,893,380). The amount included in the income statement for the write down of inventory to net realisable value was £928,709 (2021: £341,733).

Notes to the financial statements (continued)

14. Debtors

	2022	2021
	£	£
Due within one year		
Trade debtors	2,897,627	3,118,892
Amounts owed by Group undertakings	12,088,178	10,646,205
Other debtors	2,427,015	22,401
Prepayments and accrued income	700,265	620,867
Corporation tax asset	490,836	473,780
	<u>18,603,921</u>	<u>14,882,145</u>

Amounts owed by Group undertakings are interest free, unsecured and payable on demand.

15. Creditors amounts falling due within one year

	2022	2021
	£	£
Trade creditors	17,912,712	11,725,979
Amounts owed to Group undertakings	1,434,809	1,902,399
Amounts owed to Group joint ventures	-	111,229
Amounts owed to other related parties	10,728	-
Taxation and social security	2,027,202	628,915
Accruals and deferred income	6,204,059	5,955,442
Current lease liability	282,526	205,615
	<u>27,872,036</u>	<u>20,529,579</u>

Amounts owed to Group undertakings are interest free, unsecured and payable on demand.

	2022	2021
	£	£
Taxation and social security		
VAT	2,027,202	628,915
	<u>2,027,202</u>	<u>628,915</u>

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

	2022	2021
	£	£
Non-current lease liability	1,443,934	1,197,437
	<u>1,443,934</u>	<u>1,197,437</u>

17. Other provisions

	Operational costs (note (a))	Total
	£	£
Balance 2 January 2022	2,582,455	2,582,455
Balance 31 December 2022	<u>2,582,455</u>	<u>2,582,455</u>

Note (a): The operational provision relates to a legal claim. Due to the nature of this matter, there is some uncertainty around the amount and timing of payments.

Notes to the financial statements (continued)

18. Deferred taxation

	2022 £	2021 £
At start of year – liability	(592,693)	(337,756)
Charged to the income statement	40,048	(254,937)
At end of year – liability	(552,645)	(592,693)
The deferred tax liability is made up as follows:		
	2022 £	2021 £
Accelerated capital allowances	(545,921)	(598,776)
Others	(6,724)	6,083
	(552,645)	(592,693)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021. As the proposal to increase the rate to 25% had been substantively enacted at the balance sheet date, its effects are included in these financial statements.

19. Capital and reserves

Share capital

	2022 £	2021 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid ordinary shares of £1 each		
At start of year	100,000	100,000
At end of year 100,000 ordinary shares of £1 each	100,000	100,000

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. At 31 December 2022 the hedging reserve was £30,132 (2021: nil).

20. Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	2022 £	2021 £
Intangible assets	17,013	-
Tangible asset	18,607	98,371

21. Pension commitments

The Company operates a defined contribution pension plan. The assets of the plan are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the Fund and amounted to £393,688 (2021: £352,226) (note 4).

Notes to the financial statements (continued)

22. Related party transactions

The Directors of the Company including their connected persons did not enter into any transactions with the Company in the current or preceding year and had no receivable or payable balances outstanding at 31 December 2022 and 1 January 2022.

The Company has availed of the exemptions available in FRS101 "Reduced Disclosure Framework" from disclosing transactions entered into between two or more members of a group and key management personnel.

Related parties of the Company include the related parties of the Company's ultimate holding and controlling company, Glanbia plc. During the financial year the Company had transactions with Tirlán Limited (formerly known as Glanbia Ireland DAC). Tirlán Limited, was a joint venture of Glanbia plc up to 1 April 2022 and transactions with Tirlán Limited up to that date are included within "Joint ventures of Glanbia plc". From 2 April 2022, Tirlán Limited became an other related party to Glanbia plc, accordingly transactions with Tirlán Limited from 2 April 2022 are included within "Other related parties of Glanbia plc".

The following transactions were carried out with Tirlán Limited:

	2022 £	2021 £
Purchase of goods		
Joint ventures of Glanbia plc	173,570	2,182,895
Other related parties of Glanbia plc	<u>2,124,863</u>	<u>-</u>

Receivables from and payables to related parties as at the balance sheet date are included as separate line items in notes 14 and 15. The outstanding balances included in payables at the balance sheet date in respect of transactions with related parties are unsecured, interest free and settlement arises in cash.

23. Group membership

The UK parent company is Glanbia (UK) Limited, a company registered in England and Wales. The Company and its UK parent, Glanbia (UK) Limited, are subsidiaries of Glanbia plc. Glanbia plc prepares consolidated financial statements for the smallest group of undertakings which includes Glanbia Performance Nutrition (UK) Limited. Glanbia plc is registered in Ireland and a copy of its financial statements can be obtained from Glanbia House, Kilkenny, Ireland or are currently available for download from the Group's website at www.glanbia.com.

24. Post balance sheet events

There have been no significant events affecting the Company since the financial year end.