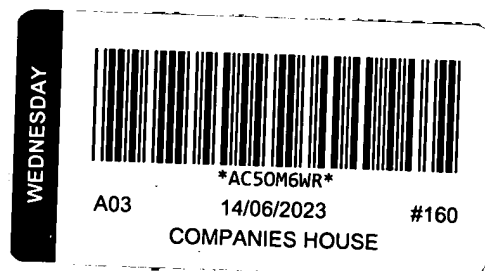


Registered No: 02667268

Eurilait Limited

Report and Financial Statements

31 December 2022



Eurilait Limited

Directors

J-M Le Bris
G Rabouille
EA Leahy
CR Brayshaw

Secretary

Y Borgne

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers

Barclays Bank plc
Churchill Plaza
Churchill Way
Basingstoke
RG21 7GP

Registered Office

Leighton Lane Industrial Estate
Leighton Lane
Evercreech
Shepton Mallet
Somerset BA4 6LQ
United Kingdom

Eurilait Limited

Strategic report

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

Principal activities and review of the business

The company is engaged in the packing and distribution of speciality dairy to retailers, food manufacturers and wholesalers across the UK and Ireland. There have been no significant changes in the company's activities in the period under review.

The company's revenue increased during the year from £73,495,110 to £95,289,977. The period was the first full year since 2019 not subject to significant COVID-19 restrictions in the UK. This enabled our foodservice and industrial area to recover to pre-2020 levels, whilst trading with retailers continued to perform robustly. As a result, profit for the financial year has increased from £754,028 to £1,187,382.

Future developments

The market for continental dairy remains highly competitive. Focus on the highest levels of product quality and service level to customers is therefore essential to be successful in this environment. The company's focus looking forward will be on developing new products and adding value through its cutting and packing operations, capitalising on trends in the food sector. The company will continue to invest in capital expenditure to ensure it has the necessary capability to respond to these trends and ensure as much value is added to product within the operation.

The company has defined a continuous improvement strategy across all areas to improve operational efficiency, productivity, business processes and employee experience. This is to ensure the company continues to be successful in a competitive market and the current challenging economic environment.

Maintaining a diverse set of retail, foodservice and industrial customers ensure the company is not reliant on one particular customer or product for commercial success. This diverse customer base has benefitted the company in recent years during the pandemic but also ensures that it is well placed to meet changing consumer demand in the face of economic and cost of living pressures.

Key performance indicators

| | <i>31 December 2022</i> | <i>1 January 2022</i> |
|--------------------|-----------------------------|---------------------------|
| Revenue | £95,289,977 | £73,495,110 |
| Profit after tax | £1,187,382 | £754,028 |
| Operating profit % | 1.6 | 1.3 |
| Trade debtor days | 92 | 85 |

Principal risks and uncertainties

The directors continually review, monitor and evaluate the risks the company is facing with a range of formal processes including, weekly credit control reviews, monthly management reviews, forecasting tools, board meetings, individual contract evaluation and customer evaluation. The Company's operations expose it to a variety of financial risks that include the effects of exposure to price, credit liquidity and cash flow risk, along with foreign currency and legislation risk.

Eurilait Limited

Strategic Report (continued)

Principal risks and uncertainties (continued)

Cost of Living Crisis

During 2022, the UK economy has been subject to significant inflationary pressures due to a combination of factors including rising energy costs. This has in turn resulted in increased interest rates and pressure on household incomes and budgets. The company itself has been impacted by inflationary pressures and as a result has had no option but to increase average selling prices. Consumer demand for speciality cheese remained strong throughout the year and at Christmas across retail and foodservice segments, despite this inflationary context.

Moving forward the company continues to monitor trading forecasts on a regular basis to analyse changing demand by product and by customer. As stated previously the company has a diverse range of products and customers which will help mitigate the impact of changing consumer behaviour. In this trading environment servicing added value products in an operationally efficient manner is highly important.

Exposure to price, credit, liquidity and cash flow risk

The company purchases some product from Europe in Euros. The company is therefore exposed to movements in the Euro to Sterling exchange rate. Senior Management monitors the net exposure and uses several financial instruments to manage foreign exchange risk. The foreign exchange contracts in place at the period end are detailed in note 16.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers, and to protect against the default of those debts by using a credit insurer.

Exposure to price, credit, liquidity and cash flow risk (continued)

The company has a permanent sales financing facility for £8,000,000 with Barclays Bank. The company monitors cash flow as part of its day-to-day control procedures. The Board considers cash flow projections on a regular basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Health and safety

The company incorporates health and safety policy into its daily operations to protect both employees and customers. Food safety is critical to the success of the company and the company is regularly audited by both customers and independent external parties. Changes to health and safety laws and regulations are monitored and implemented by the company and communicated to employees as required. The company is committed to a strong Food Safety and Health & Safety culture through a series of metrics, safety committee meetings and internal audit framework.

S172(1) Statement

The Directors have a statutory duty to actively promote and lead the company's success for the benefit of shareholders but also a wider range of stakeholders including employees, suppliers and the wider community and environment. This is achieved in the following ways:

- a) The Directors consider the longer term and strategic consequences of decisions taken. This includes the preparation of 5-year business development plans in conjunction with Eurilait's majority shareholder which are supported by annual budgets and rolling quarterly forecasts. In this way, Eurilait anticipates future risks, opportunities and external factors which will impact the way in which the company evolves and delivers value to its stakeholders.
- b) The company ensures that employee involvement is promoted and encouraged through in person and digital communication channels. All employees receive ongoing appraisals and feedback from managers, with objectives and development goals put in place for everyone. Employee feedback is obtained via engagement surveys every 2 years. Employees are supported with appropriate training and internal coaching so that they can develop professionally and contribute to the wider success of the company. The company is continually looking at ways to promote employee engagement, communication and wellbeing.

Eurilait Limited

Strategic Report (continued)

S172(1) Statement (continued)

- c) Treating suppliers, customers and third parties fairly and transparently. The company's dealings are fair, open and based on mutual respect in terms of honouring commitments, obligations, contracts and agreements with all our external stakeholders. This includes agreeing fair payment terms in advance with customers and suppliers. Upholding high standards of conduct and integrity in all business dealings is a guiding principle for the company.
- d) Eurilait operates in a way that aims to benefit the community and environment. The company is mindful of its role as an important local employer and in doing so regularly contributes to local community events and causes local to the company's address. The company strives to minimise its impact on the environment and wider society through a reformed CSR project team. This covers areas such as packaging materials, community outreach, energy usage, diversity and inclusivity and transport utilisation.
- e) Setting out high levels of business conduct is paramount and Eurilait has core values which are communicated to all employees. In addition, the company promote a culture of high food standards to ensure the highest technical standards are adhered to. To this end the company uses in person and online training tools alongside a company handbook setting out expectations regarding staff and business conduct.

Quality standards

The company has the following accreditation at 31 December 2022

The Global Standard for Food Safety (BRGCS) Issue 8: AA+

The Global Standard for Food Safety (BRGCS) Issue 8: Traded Goods. Certified

Asda Food Safety Audit – Green

M&S Food Safety & Integrity Audit – Good

Morrisons Agent & Broker – Green

Morrisons Food Safety – Green

Waitrose Food Supplier Audit - Green

On behalf of the Board

DocuSigned by:

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J-M Le Bris

Director

Date: 12 June 2023

Eurilait Limited

Registered No. 02667268

Directors' report

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

Results and dividends

The profit for the period after taxation amounted to £1,187,382 (period ended 1 January 2022 - £754,028). The directors do not recommend a final dividend (period ended 1 January 2022 – £nil). During the period an interim dividend was paid of £500,000 (period ended 1 January 2022 – £Nil).

Research and development

Eurilait Limited continues to utilise processes and techniques already used within the industry, as such there was £nil spent on development during the year (2021: £nil).

Going concern

The company's business activities and financial position are described in the strategic report.

In assessing the going concern position of the Company for the period through to the end of June 2024 the directors have considered the Company's cash flows, liquidity and business activities. As at the balance sheet date the Company's funding was mainly provided by Barclays Bank plc and consisted of a £8million credit facility and funding arrangements. This facility is renewed annually and was last done in May 2023 for a 12 month period.

The Directors have made this assessment after consideration of the Company's cash flows and related assumptions with due consideration of the ongoing impact of trading forecasts, in the context of the current economic and inflationary environment. The Company's business is seasonal, with peak sales occurring during the December festive season.

The Company's forecasting recognises performance to date during 2023 and is also informed by our customers' forecast and insight. As is the case every financial year as a result of Eurilait's retail seasonality and Christmas peak in sales, the Company has to purchase and significantly increase its levels of stock by November in advance of receiving payments from customers.

To manage this situation Eurilait fully utilises the previously referenced credit facility with Barclays Bank plc. In order to manage the cashflow impact of seasonal trading, Eurilait has established working practices to successfully manage cashflow. Eurilait can extend intercompany payment terms until all customer receipts are collected in February 2024. The company's approach to managing this impact of seasonal trading on working capital is well established over several years and is supported by the ultimate parent company. On this basis, the Directors believe that the Company can generate sufficient working capital to operate within its available funding over the next 12 months in line with medium term forecasting up to the end of June 2024. The Directors have adopted the going concern basis in preparing the Financial Statements.

Streamlined Energy & Carbon Reporting Framework (SECR)

Eurilait Limited is obligated within the Streamlined Energy & Carbon Reporting (SECR) Framework which was established by Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The company does not use gas as a source of energy and fuel for transport is only incurred indirectly through the use of road hauliers.

We are committed to responsible energy management and will practise energy efficiency throughout our organisation, wherever it's cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

Eurilait Limited

Directors' Report (continued)

Streamlined Energy & Carbon Reporting Framework (SECR) (continued)

Scope 1 Emissions 1 kWh for the previous two calendar years:

| | Total 2022 KW | TOTAL 2021 KW |
|-------------------------------------|---------------|---------------|
| Annual Total | 726,100 | 774,291 |
| Intensity Ratio (Total kWh/Revenue) | 0.76% | 1.05% |

As previously referenced, the company has set up a CSR working group which within its scope includes a number of environmentally focused areas including energy utilisation, reduced business travel and increased use of recyclable, compostable and recycled food packaging.

No products were sent to landfill during 2022 (2021 - Nil).

Events since the balance sheet date

In the opinion of the Directors, there are no material events which have occurred since the end of the financial year in relation to the Company which could have any material impact in the Financial Statements.

Directors

The directors who served the company during the period and subsequently were as follows:

J-M Le Bris
JP Millward*
G Rabouille
EA Leahy**
CR Brayshaw**

*JP Millward deceased on 14th April 2022

** EA Leahy & CR Brayshaw appointed 27th July 2022

Directors' indemnities

There are no Directors' indemnities in place.

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 company'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.

Eurilait Limited

Directors' Report (continued)

Auditors

The auditors Ernst & Young LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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J-M Le Bris
Director
Date: 12 June 2023

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EURILAIT LIMITED

Opinion

We have audited the financial statements of Eurilait Limited for the year ended 31 December 2022 which comprise of the statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes 1 to 21, 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 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; 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 to 30 June 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EURILAIT LIMITED (continued)

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.

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 8, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EURILAIT LIMITED (continued)

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.

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 compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how Eurilait Limited is complying with those frameworks by making inquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a fraud risk of management override associated with revenue recognition, and in particular the manual revenue journals around the year end. In relation to management override we used data analytics to sample from the entire population of journals, including manual journals to revenue, identifying specific transactions which did not meet our expectations based on specific criteria, to investigate to gain an understanding and agree to source documentation. We selected a sample of revenue transactions recorded before the year end and obtained documentation to verify the revenue recognition criteria had been met, we reviewed credit notes issued after the year end, including those relating to rebates, and obtained documentation to verify that revenue adjustments had been recorded in the appropriate period.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiry of management and those charged with governance with the no indication of non-compliance identified.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EURILAIT LIMITED (continued)

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.

DocuSigned by:

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Jos Burkill (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
12 June 2023

Eurilait Limited

Statement of comprehensive income

for the period ended 31 December 2022

| | | <i>Period ended 31 December 2022</i> | <i>Period ended 1 January 2022</i> |
|------------------------------------------------------------|--------------|--------------------------------------------------|------------------------------------------------|
| | <i>Notes</i> | <i>£</i> | <i>£</i> |
| Turnover | 2 | 95,289,977 | 73,495,110 |
| Cost of sales | | <u>(86,160,682)</u> | <u>(65,306,987)</u> |
| Gross profit | | 9,129,295 | 8,118,123 |
| Administrative expenses | | <u>(7,452,892)</u> | <u>(7,145,859)</u> |
| Operating profit | 3 | 1,676,403 | 1,042,265 |
| Interest payable and similar charges | 6 | <u>(140,898)</u> | <u>(86,111)</u> |
| Profit on ordinary activities before taxation | | 1,535,505 | 956,154 |
| Tax | 7 | <u>(348,123)</u> | <u>(202,126)</u> |
| Profit for the financial period | | 1,187,382 | 754,028 |
| Total comprehensive income for the year, net of tax | | <u>1,187,382</u> | <u>754,028</u> |

All amounts relate to continuing activities.

Eurilait Limited

Statement of financial position

at 31 December 2022

| | | 31 December 2022 | 1 January 2022 |
|-------------------------------------------------------|-------|---------------------|-------------------|
| | Notes | £ | £ |
| Fixed assets | | | |
| Tangible assets | 9 | 461,843 | 365,247 |
| Current assets | | | |
| Stocks | 10 | 6,569,886 | 4,976,248 |
| Debtors | 11 | 24,885,023 | 17,623,052 |
| Cash at bank and in hand | | 86,084 | 119,540 |
| | | 31,540,993 | 22,718,840 |
| Creditors: amounts falling due within one year | 12 | (28,507,277) | (20,390,706) |
| Net current assets | | 3,033,716 | 2,328,134 |
| Total assets less current liabilities | | 3,495,559 | 2,693,381 |
| Provisions for liabilities | 13 | (300,988) | (186,192) |
| Net assets | | 3,194,571 | 2,507,189 |
| Capital and reserves | | | |
| Called up share capital | 14 | 5,000 | 5,000 |
| Profit and loss account | | 3,189,571 | 2,502,189 |
| Shareholders' funds | | 3,194,571 | 2,507,189 |

The financial statements of Eurilait Limited were authorised for issue by the Board of Directors and signed on its behalf by

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J-M Le Bris

Director

Date: 12 June 2023

Eurilait Limited

Statement of changes in equity

at 31 December 2022

| | <i>Notes</i> | Share capital | Profit and loss account | Total equity |
|-------------------------------------------|--------------|------------------|----------------------------|------------------|
| | | £ | £ | £ |
| As at 2 January 2021 | | 5,000 | 1,748,161 | 1,753,161 |
| Total comprehensive income for the period | | - | 754,028 | 754,028 |
| At 1 January 2022 | | 5,000 | 2,502,189 | 2,507,189 |
| Total comprehensive income for the period | | - | 1,187,382 | 1,187,382 |
| Equity dividends paid | 8 | - | (500,000) | (500,000) |
| At 31 December 2022 | | <u>5,000</u> | <u>3,189,571</u> | <u>3,194,571</u> |

Eurilait Limited

Statement of cash flows

for the period ended 31 December 2022

| | | <i>Period ended 31 December 2022</i> | <i>Period ended 1 January 2022</i> |
|---------------------------------------------------------------------------|-------------|--------------------------------------------------|------------------------------------------------|
| | <i>Note</i> | <i>£</i> | <i>£</i> |
| Net cash inflow/(outflow) from operating activities | 15(a) | 43,504 | (1,237,736) |
| Returns on investments and servicing of finance | | | |
| Interest paid | | (140,898) | (86,113) |
| Net cash outflow from operating activities | | (140,898) | (86,113) |
| Taxation | | | |
| Corporation tax paid | | (219,602) | (120,000) |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | (297,974) | (71,348) |
| Proceeds from sale of tangible fixed assets | | - | 5,300 |
| Net cash outflow from capital expenditure and financial investment | | (297,974) | (66,048) |
| Equity dividends paid | 8 | (500,000) | - |
| (Decrease) in cash | | <u>(1,114,970)</u> | <u>(1,509,898)</u> |

Reconciliation of net cash flow to movement in net debt

| | | <i>Period ended 31 December 2022</i> | <i>Period ended 1 January 2022</i> |
|-------------------------------------|-------------|--------------------------------------------------|------------------------------------------------|
| | <i>Note</i> | <i>£</i> | <i>£</i> |
| (Decrease) in cash | | (1,114,970) | (1,509,898) |
| Net debt at 1 January 2022 | | <u>(3,728,928)</u> | <u>(2,219,030)</u> |
| Net debt at 31 December 2022 | 15 (b) | <u>(4,843,898)</u> | <u>(3,728,928)</u> |

Eurilait Limited

Notes to the financial statements

at 31 December 2022

1. Accounting policies

Basis of preparation and statement of compliance

Eurilait Limited is a private company limited by shares, and incorporated in England and Wales. The Registered Office is Leighton Lane Industrial Estate, Leighton Lane, Evercreech, Shepton Mallet, Somerset, BA4 6LQ, United Kingdom.

Eurilait Limited prepares its financial statements to the nearest Saturday within seven days of its accounting reference date, 28 December. Consequently, these financial statements cover the 52 week period ended 31 December 2022.

These financial statements were authorised for issue by the Board of Directors on 12 June 2023. The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) under the historical cost convention, as modified by the valuation at fair value of certain financial assets and liabilities and 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 £1.

The principal accounting policies adopted by the Company are set out below and have been consistently applied throughout the period.

Going Concern

The company's business activities and financial position are described in the strategic report.

In assessing the going concern position of the Company for the period through to the end of June 2024 the directors have considered the Company's cash flows, liquidity and business activities. As at the balance sheet date the Company's funding was mainly provided by Barclays Bank plc and consisted of a £8million credit facility and funding arrangements. This facility is renewed annually and was last done in May 2023 for a 12 month period.

The Directors have made this assessment after consideration of the Company's cash flows and related assumptions with due consideration of the ongoing impact of trading forecasts, in the context of the current economic and inflationary environment. The Company's business is seasonal, with peak sales occurring during the December festive season.

The Company's forecasting recognises performance to date during 2023 and is also informed by our customers' forecast and insight. As is the case every financial year as a result of Eurilait's retail seasonality and Christmas peak in sales, the Company has to purchase and significantly increase its levels of stock by November in advance of receiving payments from customers.

To manage this situation Eurilait fully utilises the previously referenced credit facility with Barclays Bank plc. In order to manage the cashflow impact of seasonal trading, Eurilait has established working practices to successfully manage cashflow. Eurilait can extend intercompany payment terms until all customer receipts are collected in February 2024. The company's approach to managing this impact of seasonal trading on working capital is well established over several years and is supported by the ultimate parent company. On this basis, the Directors believe that the Company can generate sufficient working capital to operate within its available funding over the next 12 months in line with medium term forecasting up to the end of June 2024. The Directors have adopted the going concern basis in preparing the Financial Statements.

Eurilait Limited

Notes to the financial statements

at 31 December 2022

1. Accounting policies (continued)

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Revenue is recognised on the despatch of goods to customers.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Tangible fixed assets

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

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

| | | |
|---------------------|---|---------------|
| Plant and machinery | – | 25% per annum |
| Motor vehicles | – | 25% per annum |
| Office equipment | – | 25% per annum |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 statement of financial position date.

Foreign currencies

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Any differences are taken to the statement of comprehensive income.

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Notes to the financial statements

at 31 December 2022

1. Accounting policies (continued)

Derivative instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the statement of comprehensive income. 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.

Leasing and hire purchase arrangements.

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of comprehensive income.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the statement of comprehensive income in the period in which they become payable.

Critical accounting judgments and estimation uncertainties

The preparation of 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 actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

i) provision for excess and slow-moving inventory

The year end provision for excess and slow-moving inventory is sensitive to changes in Eurilait's sales forecast. Utilising a forecasting tool, the sales forecast is monitored and updated on a daily basis. The provision is updated on a monthly basis reflecting current estimates based on changes in the forecast.

ii) provision for bad and doubtful debts

Eurilait regularly reviews customer debts outside of their credit terms and will update the provision on a monthly basis based on management's view on the recoverability of that debt. This judgement will take in consideration supporting documentation around pricing agreements, proof of delivery and customer history.

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Notes to the financial statements

at 31 December 2022

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report

An analysis of turnover by geographical market is given below:

| | <i>Period ended 31 December 2022 £</i> | <i>Period ended 1 January 2022 £</i> |
|----------------|--------------------------------------------------------|------------------------------------------------------|
| United Kingdom | 90,791,869 | 70,534,110 |
| Europe | 4,498,108 | 2,961,000 |
| | <u>95,289,977</u> | <u>73,495,110</u> |

3. Operating profit

This is stated after charging/(crediting):

| <i>Period ended</i> | <i>Period ended 31 December 2022 £</i> | <i>Period ended 1 January 2022 £</i> |
|-------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| Auditors' remuneration – audit related services | 39,200 | 39,163 |
| – taxation compliance services | 4,000 | 2,250 |
| – other non-audit services | - | - |
| | <u>-</u> | <u>-</u> |
| Profit on disposal of fixed assets | - | 4,339 |
| | <u>-</u> | <u>4,339</u> |
| Exchange differences | (965,891) | (438,294) |
| | <u>(965,891)</u> | <u>(438,294)</u> |
| Depreciation of owned fixed assets | 201,379 | 198,040 |
| | <u>201,379</u> | <u>198,040</u> |
| Operating lease rentals – land and buildings | 400,755 | 399,755 |
| – plant and machinery | 54,043 | 52,591 |
| | <u>454,798</u> | <u>452,346</u> |

Eurilait Limited

Notes to the financial statements

at 31 December 2022

4. Directors' remuneration

| | <i>Period ended 31 December 2022 £</i> | <i>Period ended 1 January 2022 £</i> |
|--------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| Aggregate remuneration in respect of qualifying services | 241,832 | 189,722 |
| Company contributions paid to defined contribution pension schemes | 12,861 | 14,186 |
| | <i>No.</i> | <i>No.</i> |
| Number of directors with defined contribution pension schemes | 2 | 1 |

The highest paid director received remuneration of £91,369 (2021: £189,722).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,640 (2021: £14,186).

5. Staff costs

| | <i>Period ended 31 December 2022 £</i> | <i>Period ended 1 January 2022 £</i> |
|-----------------------|--------------------------------------------------------|------------------------------------------------------|
| Wages and salaries | 3,668,906 | 3,843,815 |
| Social security costs | 385,227 | 428,316 |
| Other pension costs | 158,598 | 158,424 |
| | <u>4,212,731</u> | <u>4,430,555</u> |

The average monthly number of employees (including directors) during the period was made up as follows:

| | <i>Period ended 31 December 2022 No.</i> | <i>Period ended 1 January 2022 No.</i> |
|---------------------|----------------------------------------------------------|--------------------------------------------------------|
| Administration | 16 | 16 |
| Sales and marketing | 15 | 15 |
| Stock handling | 86 | 86 |
| | <u>117</u> | <u>117</u> |

Eurilait Limited

Notes to the financial statements

at 31 December 2022

6. Interest payable and similar charges

| | <i>Period ended 31 December 2022 £</i> | <i>Period ended 1 January 2022 £</i> |
|----------------|--------------------------------------------------------|------------------------------------------------------|
| Bank overdraft | 140,898 | 86,111 |
| | <u>140,898</u> | <u>86,111</u> |

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

| | <i>Period ended 31 December 2022 £</i> | <i>Period ended 1 January 2022 £</i> |
|-------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| Current tax: | | |
| UK corporation tax on the profit for the period | 233,327 | 227,086 |
| Adjustment in respect of previous periods | - | (1,428) |
| Total current tax | <u>233,327</u> | <u>225,658</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | 82,159 | (27,600) |
| Adjustment in respect of previous periods | - | 927 |
| Effect of changes in tax rate | 32,637 | 3,141 |
| Total deferred tax | <u>114,796</u> | <u>(23,532)</u> |
| Tax on profit on ordinary activities | <u>348,123</u> | <u>202,126</u> |

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Notes to the financial statements

at 31 December 2022

7. Tax (continued)

(b) Factors affecting tax charge for the period

The tax assessed for the period is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19%. The differences are explained as follows:

| | <i>Period ended 31 December 2022 £</i> | <i>Period ended 1 January 2022 £</i> |
|---------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| Profit on ordinary activities before tax | <u>1,535,505</u> | <u>956,154</u> |
| Tax on profit at standard UK rate of 19.00% (2021: 19%) | 291,746 | 181,669 |
| <i>Effects of:</i> | | |
| Fixed asset differences | (16,587) | - |
| Expenses not deductible for tax purposes | 40,327 | 20,582 |
| Income not taxable | - | (2,765) |
| Adjustments to tax in respect of previous periods | - | (502) |
| Effect of variable tax rates on total tax | - | 3,142 |
| Remeasurement of deferred tax for changes in tax rates | 32,637 | - |
| Total tax for the period | <u>348,123</u> | <u>202,126</u> |

(c) Factors that may affect future tax charges

The Finance Act 2021 increased the main rate of UK corporation tax to 25% effective from 1 April 2023, with a 19% small profits rate of corporation tax for companies whose profits do not exceed GBP 50,000. Given this was substantially enacted on 25 May 2021 (i.e. before the Balance Sheet date), these changes have been reflected in the measurement of deferred tax balances at the period end. Where deferred tax balances are anticipated to unwind prior to 1 April 2023, these continue to be recognised at the current rate of UK corporation tax of 19%. Where deferred tax balances are anticipated to unwind after 1 April 2023, these have been recognised at 25%. In the case of any uncertainty, it is not anticipated that the remeasurement of these fixed asset timing differences at either 19% or 25% would have a material impact on the company's deferred tax balances (see note 13).

8. Dividends

| | <i>Period ended 31 December 2022 £</i> | <i>Period ended 1 January 2022 £</i> |
|----------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| Interim dividend paid of £100 per share (period ended 1 January 2022 – £Nil) per share | <u>500,000</u> | - |

Eurilait Limited

Notes to the financial statements

at 31 December 2022

9. Tangible fixed assets

| | <i>Plant and machinery</i> | <i>Motor vehicles</i> | <i>Office equipment</i> | <i>Total</i> |
|---------------------------|--------------------------------|---------------------------|-----------------------------|--------------|
| | £ | £ | £ | £ |
| Cost: | | | | |
| At 1 January 2022 | 2,438,837 | 23,198 | 1,220,694 | 3,682,729 |
| Additions | 216,088 | 28,276 | 53,611 | 297,975 |
| At 31 December 2022 | 2,654,925 | 51,474 | 1,274,305 | 3,980,704 |
| Depreciation: | | | | |
| At 1 January 2022 | 2,190,662 | 23,198 | 1,103,622 | 3,317,482 |
| Charged during the period | 145,947 | 6,939 | 48,493 | 201,379 |
| At 31 December 2022 | 2,336,609 | 30,137 | 1,152,115 | 3,518,861 |
| Net book value: | | | | |
| At 31 December 2022 | 318,316 | 21,337 | 122,190 | 461,843 |
| At 1 January 2022 | 248,175 | - | 117,072 | 365,247 |

10. Stocks

| | <i>31 December 2022</i> | <i>1 January 2022</i> |
|-------------------------------------|-----------------------------|---------------------------|
| | £ | £ |
| Finished goods and goods for resale | 6,569,886 | 4,976,248 |

In the directors' opinion, there were no significant differences between the replacement cost and the amount at which goods for resale were stated in the financial statements.

Stock recognised in cost of sales during the period as an expense was £83,834,088 (period to 1 January 2022: £63,457,105)

Eurilait Limited

Notes to the financial statements

at 31 December 2022

11. Debtors

| | <i>31 December 2022</i> | <i>1 January 2022</i> |
|-------------------------------------------|-----------------------------|---------------------------|
| | £ | £ |
| Trade debtors | 24,027,490 | 17,152,219 |
| Amounts owed from group undertakings | 115,522 | 104,247 |
| Amounts owed from associated undertakings | - | 54,472 |
| Prepayments and accrued income | 323,360 | 108,977 |
| Other debtors | 253,828 | - |
| Other tax debtor | 164,823 | 203,137 |
| | <u>24,885,023</u> | <u>17,623,052</u> |

All amounts shown under debtors fall due for payment within one year.

12. Creditors: amounts falling due within one year

| | <i>31 December 2022</i> | <i>1 January 2022</i> |
|-----------------------------------------|-----------------------------|---------------------------|
| | £ | £ |
| Bank overdrafts (secured) | 4,929,982 | 3,848,467 |
| Trade creditors | 10,529,626 | 6,092,916 |
| Amounts owed to group undertakings | 4,690,661 | 5,841,273 |
| Amounts owed to associated undertakings | 1,444,886 | 3,176,843 |
| Current corporation tax | 153,327 | 139,602 |
| Other creditors | 129,180 | 91,775 |
| Accruals and deferred income | 6,629,615 | 1,199,830 |
| | <u>28,507,277</u> | <u>20,390,706</u> |

The bank overdrafts are secured by an unlimited debenture over all of the company's assets.

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Notes to the financial statements

at 31 December 2022

13. Provisions for liabilities

| | <i>Deferred taxation</i> | <i>Dilapidations provision</i> | <i>Total</i> |
|----------------------------------------------|------------------------------|------------------------------------|----------------|
| | £ | £ | £ |
| At 1 January 2022 | 21,192 | 165,000 | 186,192 |
| Charged to statement of comprehensive income | 114,796 | - | 114,796 |
| At 31 December 2022 | <u>135,988</u> | <u>165,000</u> | <u>300,988</u> |

Deferred taxation

| | <i>Period ended 31 December 2022</i> | <i>Period ended 1 January 2022</i> |
|--------------------------------|--------------------------------------------------|------------------------------------------------|
| | £ | £ |
| Accelerated capital allowances | 82,005 | 39,707 |
| Sundry timing differences | <u>53,983</u> | <u>(18,516)</u> |
| | <u>135,988</u> | <u>21,191</u> |

Dilapidations provision

A provision is recognised for expected costs to be incurred to reinstate the leased warehouse to its original state at the end of the lease period in 2029.

14. Issued share capital

| | <i>31 December 2022</i> | <i>1 January 2022</i> |
|-------------------------------------------|-----------------------------|---------------------------|
| | <i>No.</i> | <i>No.</i> |
| <i>Allotted, called up and fully paid</i> | £ | £ |
| Ordinary shares of £1 each | 5,000 <u>5,000</u> | 5,000 <u>5,000</u> |

Eurilait Limited

Notes to the financial statements

at 31 December 2022

15. Notes to the statement of cash flows

(a)

| | <i>Period ended 31 December 2022</i> | <i>Period ended 1 January 2022</i> |
|-----------------------------------------------------|--------------------------------------------------|------------------------------------------------|
| | <i>£</i> | <i>£</i> |
| Operating profit | 1,676,403 | 1,042,265 |
| Depreciation of tangible fixed assets | 201,379 | 198,040 |
| (Profit) on sale of tangible fixed assets | - | (4,339) |
| (Increase) in stocks | (1,593,638) | (1,657,725) |
| (Increase) in debtors | (7,261,971) | (1,585,191) |
| Increase in creditors | 7,021,331 | 769,214 |
| Net cash inflow/(outflow) from operating activities | <u>43,504</u> | <u>(1,237,736)</u> |

(b) Analysis of net debt

| | <i>At 1 January 2022</i> | <i>Cash flow</i> | <i>At 31 December 2022</i> |
|--------------------------|----------------------------------|--------------------|------------------------------------|
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Cash at bank and in hand | 119,540 | (33,456) | 86,084 |
| Bank overdraft | <u>(3,848,468)</u> | <u>(1,081,514)</u> | <u>(4,929,982)</u> |
| Total | <u>(3,728,928)</u> | <u>(1,114,970)</u> | <u>(4,843,898)</u> |

16. Derivative instruments

The company purchases and sells goods in euros and has a regular exposure to euros. The company will hedge this net exposure by using a variety of forward exchange instruments for up to 15 months ahead.

The company has outstanding forward foreign exchange contracts at the period end as follows:

| | <i>Notional principal amount €</i> |
|----------------------------------|--------------------------------------------|
| Maturity 30 December 2023 | |
| Vanilla forward contracts | 18,000,000 |
| Maturity 1 December 2022 | |
| Vanilla forward contracts | 4,500,000 |

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Notes to the financial statements

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16. Derivative instruments (continued)

The company enters into three types of contract. Firstly, any excess of euros in the short term is sold as an exchange swap with the euros being bought back at a later date. Secondly, a vanilla forward specifies the exact amount of currency and the date it must be delivered to the bank. Thirdly, a forward extra contract is a derivative contract which provides protection at an agreed exchange rate if the currency is trading outside a specific currency exchange rate at the date of maturity. If the currency is trading within that currency exchange rate at maturity the company is able to buy the currency at the more favourable spot rate.

The fair value of the above contracts at the statement of financial position date was -£253,830 included in Other Creditors (note 12) (1 January 2022: £49,192). The fair value charge to the Statement of Comprehensive Income is £303,022 (1 January 2022: -£46,897)

17. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £158,598 (1 January 2022 – £158,424). Contributions amounting to £23,484 (1 January 2022 – £21,948) were payable to the fund at the period end and are included in accruals in note 12.

18. Other financial commitments

At 31 December 2022 the company had future minimum rental payments due under non-cancellable operating leases as set out below:

| | 31 December 2022 | | 1 January 2022 | |
|---------------------------------------------------|-------------------------------|----------------|-------------------------------|----------------|
| | <i>Land and buildings</i> | <i>Other</i> | <i>Land and buildings</i> | <i>Other</i> |
| | £ | £ | £ | £ |
| Future minimum lease payment due: | | | | |
| Not later than one year | 399,754 | 73,147 | 399,754 | 44,003 |
| Later than one year and not later than five years | 1,599,021 | 112,833 | 1,599,021 | 77,643 |
| Later than five years | 566,322 | - | 966,076 | - |
| | <u>2,565,097</u> | <u>185,980</u> | <u>2,964,851</u> | <u>121,646</u> |

Eurilait Limited

Notes to the financial statements

at 31 December 2022

19. Related party transactions

Related party transactions and balances

| | 31 December 2022 | | 1 January 2022 | |
|--------------------|-----------------------------------------------|----------------------------------------------------|-----------------------------------------------|----------------------------------------------------|
| | <i>Purchases from related parties</i> | <i>Amounts owed to related parties</i> | <i>Purchases from related parties</i> | <i>Amounts owed to related parties</i> |
| | £ | £ | £ | £ |
| Laita | 35,431,338 | 4,690,661 | 21,519,409 | 4,834,373 |
| Eurial | 21,752,812 | 1,292,617 | 15,643,105 | 2,962,062 |
| Eurial Ultra Fresh | 1,202,275 | 152,269 | 1,472,644 | 214,781 |
| Marathon Foods | 19,314,372 | 3,155,197 | 6,955,733 | 1,006,900 |

These transactions were all under normal commercial terms.

Laita is the parent undertaking and holds 70% of the company's shares. Marathon Foods is a wholly owned subsidiary of Laita. Eurial is an associated company and holds 30% of the company's shares, and has a wholly owned subsidiary, Capra. Eurial and Capra balances have been aggregated for the above disclosure. Eurial Ultra Fresh is a wholly owned subsidiary of Senagral, a subsidiary of Eurial International Ltd's parent Agrial. Agrial is the ultimate parent company of both Eurial and Eurial Ultra Fresh.

During the period £64,664 (1 January 2022 - £64,664) was paid to Laita and £32,332 (1 January 2022 - £32,332) was paid to Eurial in respect of management fees.

During the period £240,598 (1 January 2022 - £nil) were paid to Laita and £259,402 (1 January 2022 - £nil) were paid to Eurial.

Included within the accruals balance (note 12) is a £999,841 accrual for Goods Received Not Invoiced from Laita (1 January 2022 - £53,598), £2,064,978 for Eurial (1 January 2022 - £17,934) and £21,541 for Eurial Ultra Fresh (1 January 2022 - £nil)

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is £941,399 (period ended 1 January 2022 £733,087).

20. Ultimate parent undertaking and controlling party

The largest and smallest group in which the results of the company are consolidated is that headed by Laita, incorporated in France. No other group financial statements include the results of the company.

21. Events during the reporting period

No significant events have been identified since the balance sheet date.