McBride Holdings Limited

Annual report and financial statements

Registered number 02805339

30 June 2022

Contents

Strategic report

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

Review of the business

Performance overview

Revenue for the year is £6,098,000 (2021: £17,664,000) relating to dividends received from subsidiary undertakings. The foreign exchange impact on the retranslation of intercompany loans in the year is a foreign exchange gain of £808,000 (2021: £6,565,000). Impairment charges of £72,991,000 (2021: £6,002,000) were recognised in relation to investments in subsidiaries.

Operating loss for the year is £65,799,000 (2021: profit of £18,227,000).

Net finance costs for the year are £147,000 (2021: £12,000).

Key Performance Indicators

As a holding company, key performance indicators are not deemed applicable in measuring the success of the company.

Balance sheet

Net assets at 30 June 2022 amounted to £107,779,000 (2021: £171,812,000).

Principal risks, financial risks and uncertainties

As part of our annual risk exercise, the company has identified risks which are deemed principal to its business due to their potential severity and link to its strategy and operations.

The current principal risks and uncertainties are shown in the table below, which also detail how the company uses a range of risk mitigation strategies to manage any potential impact.

This is not intended to be an exhaustive list, with additional risks not presently known to management, or currently deemed to be less material, also having potential to cause an adverse impact on our business.

Financial risks Multinational operations potentially result in exposure to a variety of financial risks that could threaten the ongoing operation and viability of the company		
Impact	*Mitigation*	*Key developments*
• Risks associated with foreign currency exchange rates, interest rates, credit and taxation could impact profitability and cash flows, ultimately affecting the long-term viability of the company.	• A comprehensive monthly governance process is in place to monitor key risks versus our financial targets and develop actions to effectively mitigate against them. • Robust framework established to ensure compliance with all international tax legislation, including publication of an appropriate tax strategy, and with adequate tax provisioning arrangements in place. • Foreign exchange transaction risk managed by an effective Treasury Policy, hedging for all committed transactions and a range of forecasted transactions. • Overseas net assets also hedged through a combination of foreign currency borrowings, swaps and other derivatives that help mitigate any translation risks associated with the Euro.	• At 29 September 2022, the ultimate parent company, McBride plc, announced that it had agreed an amended RCF with its lender group, ensuring the Company has sufficient levels of liquidity headroom and can comply with revised covenant requirements. • Our lender group waived the December 2021 and June 2022 covenant tests. In reaching the agreement of the waiver, the ultimate parent company, Mcbride plc, agreed to maintain liquidity (cash plus facility headroom) of at least £40 million and not pay dividends until it's in compliance with its existing covenants.

Strategic report *(continued)*

Principal risks, financial risks and uncertainties *(continued)*

Impact	*Mitigation*	*Key developments*
• Inability to offset in a timely manner the significant input cost inflation by raising prices, has resulted in a significant deterioration of the profitability and liquidity of the Company's investments. • Not achieving historic levels of profitability and cash flows increases the risk that banking facilities may be withdrawn due to breach of banking covenant.	• Divisional Managing Directors are accountable for developing and executing pricing plans or cost-saving product redesigns to recover gross margins through cost price increases to customers. • A comprehensive governance process of divisional performance reviews is in place to monitor actual performance versus pricing and financial targets. This includes the Executive Committee's weekly review of key operational and financial performance metrics, including health and safety, volume, customer service, trading and pricing, meaning that risks can be identified and mitigating actions agreed in a timely manner.	

Section 172(1) statement

The following statement describes how the directors have had regard to the matters set out in section 172(1) when performing their duty under section 172 of the Companies Act 2006.

The company has no operational activities and no employees. The main purpose of the company is to hold the group's investment in a number of the subsidiary companies. As a wholly owned subsidiary holding company within the McBride plc group ("the group"), the directors consider the impact of the company's activities on its shareholder, its subsidiaries and other stakeholders.

The board considers that it has acted in good faith and made decisions which promote the long-term success of the company for the benefit of its stakeholders. In doing so, it considered the interests of stakeholders impacted by the business as well as its legal duties. The board recognises that it must ensure the perspectives, insights and opinions of key stakeholders are understood and taken into account when key decisions are being made.

For further information on the group's activities and disclosure, please refer to the McBride plc Annual Report and Accounts 2022.

Key decisions made by the directors during the year

Factors taken into account in the board's decision making include:

- likely consequences of any decisions in the long term;
- desirability of the company maintaining a reputation for high standards of business conduct;
- the compliance and financial risks to the company and its stakeholders; and
- the need to act fairly between shareholders of the company.

On behalf of the board

M.W. Strickland

M W Strickland
Director
10 January 2023

Directors' report

The directors present their Directors' report and the financial statements ('Annual Report') of the Company for the year ended 30 June 2022.

Business review and future developments

The principal activity of the Company is that of a holding company. The purpose of the Company is to hold the Group's investment in a number of the subsidiary companies.

The directors do not foresee any change in the Company's activities in the foreseeable future.

Principal risks and uncertainties

Principle risks and uncertainties have been outlined in the Strategic report.

Financial risk management

The main financial risks identified by the Company and the mitigation strategies adopted are covered in the Strategic report.

Result and dividend

Loss for the financial year was £64,033,000 (2021: profit of £19,428,000).

There was no dividend paid to the parent undertaking during the year (2021: £nil). The directors do not recommend payment of a final dividend.

Going concern

The Company's business activities, financial performance and position, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and Directors' report.

As part of the McBride plc Board's assessment of going concern and viability, the most severe of the downside scenarios considered highlighted a risk that McBride plc would incur a covenant breach and a liquidity shortfall. In this downside risk scenario, the Group would therefore need to obtain a covenant waiver and increase its funding facilities compared to those that are currently committed, to ensure that the business can meet its obligations for the next eighteen months.

The McBride plc 2022 Annual Report and Accounts consequently noted that the occurrence of multiple downside potential risks represent a material uncertainty that could cast significant doubt upon the Group's ability to continue as a going concern.

After reviewing the current liquidity position, cash pooling arrangement, financial forecasts, stress testing of potential risks and considering the uncertainties described above the Directors in McBride plc indicated that they have a reasonable expectation that the Group has sufficient resources to continue in operational existence and without significant curtailment of operations for the foreseeable future.

Consequently, the Directors in McBride plc continued to adopt the going concern basis of accounting in preparing the Group financial statements.

McBride Holdings Limited is a wholly owned subsidiary of McBride plc. Based on the going concern assessment performed, the Company is reliant on the committed funding facilities managed by the Group. As outlined above, due to the material uncertainty identified at the Group level, this funding may not be available if required.

Furthermore, as at 30 June 2022, the Company had bank loans of £10.4m. If McBride plc breaches its covenant as described above and based on the terms of the loan, the Company may need to repay the bank loans and would require additional funding in order to do this which may not be forthcoming. As a result, the Directors have identified these conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Notwithstanding the above, the Directors believe that there is a reasonable expectation that the Company will have sufficient resources to continue in operational existence and therefore have prepared the financial statements under the assumption of going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Key performance indicators

As a holding company, key performance indicators are not deemed applicable in measuring the success of the company.

Directors' report *(continued)*

Political contributions

The Company made no political donations during the year (2021: £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing of the financial statements were:
C I C Smith
M W Strickland

Qualifying third party indemnity

The company has obtained insurance cover to indemnify directors against losses arising as a result of their actions as directors. This insurance meets the criteria for qualifying third party indemnity insurance under the Companies Act 2006. Insurance cover was continuously in place during the financial year and up to and including the date of approval of the financial statements.

Indemnification of directors

The Articles of Association provide for a director to be indemnified out of the assets of the company in respect of liabilities incurred as a result of his office provided judgement is ultimately given in his favour or if he is acquitted. In respect of those liabilities for which directors may not be indemnified, the company purchased and maintained a directors' and officers' liability insurance policy throughout the year and also at the date of approval of the financial statements. Neither the company's indemnity nor insurance provides cover in the event that the director is proved to have acted fraudulently or dishonestly. No claims have been made either during the year or up to the date of approval of this Directors' report.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law.

Under company law, 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 the financial statements, the Directors are required to:

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

The directors 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 keeping adequate accounting records that are sufficient to show and explain the Company's financial 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.

Disclosure of information to auditors

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and the directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

M.W. Strickland

M W Strickland
Director
10 January 2023

Independent auditors' report to the members of McBride Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, McBride Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 30 June 2022; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The uncertainty arises as a result of the Ultimate Parent Company - McBride plc. The McBride plc 2022 Annual Report and Accounts noted that as part of the McBride plc Board's assessment of going concern and viability, the most severe of the downside scenarios considered highlighted a risk that McBride plc would incur a covenant breach and a liquidity shortfall which represented a material uncertainty that could cast significant doubt upon the Group's ability to continue as a going concern. The Company is reliant on the committed funding facilities at the Group which therefore may not be available if required. Furthermore, McBride Holdings Limited may have to repay external borrowings, which it would not have the liquidity to do. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve financial performance, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with Management surrounding known and suspected instances of non-compliance with laws and regulations and fraud;

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Challenging assumptions and judgement made by management in their significant accounting estimates (because of the risk of management bias); and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates, and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the year ended 30 June 2022, forming the corresponding figures of the financial statements for the year ended 30 June 2022, are unaudited.

Graham Parsons (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

16 January 2023

Statement of comprehensive income

For the year ended 30 June 2022

	Note	2022	2021 (unaudited)
		£000	£000
Revenue	6	6,098	17,664
Administrative expenses		803	6,565
Impairment losses on investments	10	(72,991)	(6,002)
Operating (loss)/profit:	7	(66,090)	18,227
Interest receivable and similar income	8	454	137
Interest payable and similar expenses	8	(601)	(149)
(Loss)/profit before taxation		(66,237)	18,215
Tax on profit	9	1,461	1,213
(Loss)/profit for the financial year		(64,776)	19,428
Other comprehensive income:			
Items that can be reclassified to profit or loss:			
Recognition of financial instrument		743	-
Other comprehensive income		743	-
Total comprehensive (expense)/income for the year		(64,033)	19,428

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Balance sheet
As at 30 June 2022

	Note	2022	2021 (unaudited)
		£000	£000
Fixed assets			
Investments	*10*	**206,139**	279,130
Current assets			
Debtors	*11*	**14,910**	13,599
Cash at bank and in hand		**216**	372
		15,126	13,971
Creditors: amounts falling due within one year	*12*	**(103,086)**	(110,889)
Net current liabilities		**(87,960)**	(96,918)
Total assets less current liabilities		**118,179**	182,212
Creditors: amounts falling due after more than one year	*13*	**(10,400)**	(10,400)
Net assets		**107,779**	171,812
Capital and reserves			
Called up share capital	*14*	**7,715**	7,715
Share premium account		**77,225**	77,225
Revaluation reserve		**(32,855)**	(32,855)
Retained earnings		**55,694**	119,727
Total shareholders' funds		**107,779**	171,812

The financial statements on pages 8 to 18 were authorised for issue by the board of directors on 10 January 2023 and were signed on its behalf by:

M.W. Strickland

M W Strickland
Director
10 January 2023

(Registered Company Number 02805339)

Statement of changes in equity
For the year ended 30 June 2022

	Called up share capital	Share premium account	Revaluation reserve	Retained earnings	Total shareholder's funds
	£000	£000	£000	£000	£000
At 1 July 2020	7,715	77,225	(32,855)	100,299	152,384
Profit for the financial year	-	-	-	19,428	19,428
Total comprehensive income	-	-	-	19,428	19,428
At 30 June 2021 (unaudited)	7,715	77,225	(32,855)	119,727	171,812
Loss for the financial year	-	-	-	(64,776)	(64,776)
Other comprehensive income				743	743
Total comprehensive expense	-	-	-	(64,033)	(64,033)
At 30 June 2022	**7,715**	**77,225**	**(32,855)**	**55,694**	**107,779**

The revaluation reserve arose on the revaluation of net investments in subsidiary holdings prior to the adoption of FRS101 in the financial year ending 30 June 2016.

Notes to the financial statements

1 General information

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

The company retained and continues to hold its investment in McBride S.A.S., Robert McBride Ltd, Chemolux Germany GmbH, Chemolux S.a.r.l., McBride Australia Pty Limited, McBride Hong Kong Holdings Limited, McBride Asia Holdings Limited, Intersilesia McBride Polska Sp. z.o.o. and McBride Denmark a/s.

The company is a private company, limited by shares, incorporated and domiciled in the UK and registered in England and Wales. The address of its registered office is McBride Holdings Limited, Middleton Way, Middleton, Manchester M24 4DP.

2 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

These financial statements have been prepared under the going concern basis and historical cost convention, as modified by derivative financial assets and financial liabilities measured at fair value through the profit or loss, and in accordance with the Companies Act 2006 as applicable to companies preparing in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework".

The company was exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. The results of the company are included in the consolidated financial statements of the immediate parent company, McBride plc, which is a company registered in England and Wales. These consolidated financial statements can be obtained from the registered office at McBride plc, Middleton Way, Middleton, Manchester M24 4DP.

For the year ending 30 June 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The Company took the available exemption and did not require the company to obtain an audit of its accounts for the year ending 30 June 2021. Therefore, the prior year comparatives in the financial statements for the year ending 30 June 2021 are unaudited.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

1. Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
2. IFRS 7, 'Financial Instruments: Disclosures'
3. Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
4. Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
   (i) paragraph 79(a)(iv) of IAS 1;
   (ii) paragraph 73(c) of IAS 16 'Property, plant and equipment'; and
   (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
5. The following paragraphs of IAS 1, 'Presentation of financial statements':
   a. 10(d) (statement of cash flows);
   b. 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
   c. 16 (statement of compliance with all IFRS);
   d. 38A (requirement for minimum of two primary statements, including cash flow statements);
   e. 38B-D (additional comparative information);
   f. 40A-D (requirements for a third statement of financial position);
   g. 111 (cash flow statement information); and
   h. 134-136 (capital management disclosures).
6. IAS 7, 'Statement of cash flows'
7. Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
8. Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
9. The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

Notes to the financial statements *(continued)*

2 Significant accounting policies *(continued)*

The principal accounting policies which have been applied consistently throughout the year are set out below:

Revenue

Revenue represents dividend distributions received from subsidiary investments.

Foreign currencies

The company's financial statements are presented in Sterling which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the company's functional currency by applying rates of exchange ruling at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Investments

The company has significant investments in trading subsidiaries. Investments in subsidiary undertakings are stated at cost less any applicable provision for impairment. The carrying values of investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amounts.

Cash

Cash at bank and in hand includes cash in hand, deposits held at call with banks and other short-term highly-liquid investments with original maturities of three months or less. In the balance sheet, bank overdrafts are shown within current liabilities.

Going concern

The Company's business activities, financial performance and position, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and Directors' report.

As part of the McBride plc Board's assessment of going concern and viability, the most severe of the downside scenarios considered highlighted a risk that McBride plc would incur a covenant breach and a liquidity shortfall. In this downside risk scenario, the Group would therefore need to obtain a covenant waiver and increase its funding facilities compared to those that are currently committed, to ensure that the business can meet its obligations for the next eighteen months.

The McBride plc 2022 Annual Report and Accounts consequently noted that the occurrence of multiple downside potential risks represent a material uncertainty that could cast significant doubt upon the Group's ability to continue as a going concern.

After reviewing the current liquidity position, cash pooling arrangement, financial forecasts, stress testing of potential risks and considering the uncertainties described above the Directors in McBride plc indicated that they have a reasonable expectation that the Group has sufficient resources to continue in operational existence and without significant curtailment of operations for the foreseeable future.

Consequently, the Directors in McBride plc continued to adopt the going concern basis of accounting in preparing the Group financial statements.

McBride Holdings Limited is a wholly owned subsidiary of McBride plc. Based on the going concern assessment performed, the Company is reliant on the committed funding facilities managed by the Group. As outlined above, due to the material uncertainty identified at the Group level, this funding may not be available if required.

Furthermore, as at 30 June 2022, the Company had bank loans of £10.4m. If McBride plc breaches its covenant as described above and based on the terms of the loan, the Company may need to repay the bank loans and would require additional funding in order to do this which may not be forthcoming. As a result, the Directors have identified these conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Notwithstanding the above, the Directors believe that there is a reasonable expectation that the Company will have sufficient resources to continue in operational existence and therefore have prepared the financial statements under the assumption of going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Notes to the financial statements *(continued)*

2 Significant accounting policies *(continued)*

Interest

Interest receivable and payable, from both external parties and group undertakings, are recognised in the income statement in the same period to which they relate.

Trade debtors and other debtors

Trade debtors and other receivables are amounts due from group undertakings. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Under IFRS 9, the expected credit loss model has been assessed, with no material impact.

Trade creditors and other creditors

Trade creditors and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all temporary differences which have arisen but not reversed by the balance sheet date, except as otherwise required by International Financial Reporting Standards.

Current tax is the expected tax receivable, as group relief, on the taxable expense for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax receivable in respect of previous years.

Dividends

Dividend distribution to the company's shareholder is recognised as a liability in the company's financial statements in the period in which they are declared and approved. Interim dividends are recognised in the period in which they are paid.

Financial instruments

The company enters into interest rate swap contracts and interest rate caps to mitigate against the floating interest rates on revolving credit facility debt.

During 2022, a gain of £0.7 million (2021: nil) was recognised in other comprehensive income in relation to the interest rate caps. At 30 June 2022, the fair value of the intrest rate caps was a gain of £0.7 million (2021: nil)

The company also enters into net investment hedges, in order to hedge the currency exposure on the retranslation of the net investment in a foreign operation.

During 2022, a loss of £0.2 million (2021: gain of £0.9m) was recognised in administrative expenses in relation to the net investment hedges. At 30 June 2022, the fair value of the net investment hedges was a gain of £0.1 million (2021: nil)

Financial assets and liabilities that are held at fair value are further categorised according to the degree to which the principal inputs used in determining their fair value represent observable market data as follows:

• Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

• Level 2 – inputs other than Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

• Level 3 – inputs that are not based on observable market data (unobservable inputs)

All insturments in McBride Holdings are classified as Level 2.

Notes to the financial statements *(continued)*

2 Significant accounting policies *(continued)*

Standards, Amendments and Interpretations

The following standards and amendments have become effective for the first time for the periods beginning on or after 1 January 2021:

• Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 regarding replacement issues in the context of the IBOR reform; a

• Amendments to IFRS 16 to extend the exemption from assessing whether a Covid-19 related rent concession is a lease modification (only effective for periods beginning on or after 1 April 2021).

These have had no impact on the Company.
The Company has not early adopted any other standard or interpretations that is issued but not yet effective.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of investments and amounts owed by subsidiary undertakings

The directors have performed an impairment assessment of investments under IAS 36. In light of the underlying value of the subsidiaries' net assets, their profitability and forecast profitability, the directors have judged that an impairment of £72,991,000 is required (2021: £6,002,000). An impairment assessment of amounts owed by subsidiary undertakings as at 30 June 2022 was undertaken using the IFRS 9 simplified approach to measuring the expected credit loss. The directors have judged that no impairment is required (2021: nil).

4 Auditors' remuneration

Auditors' renumeration including expenses of £20,000 (2021: nil) have been borne by the company's ultimate parent company, McBride plc in the current year.

No non-audit fees have been incurred.

5 Remuneration of directors

None of the directors received any remuneration during the year or the previous year. Remuneration of directors is borne by other group companies and not recharged.

6 Revenue

	2022	2021 (unaudited)
	£000	£000
Dividends received	**6,098**	17,664

7 Operating profit/(loss)

Operating profit is stated after charging:

	2022	2021 (unaudited)
	£000	£000
Gain on retranslation of intercompany loans	**(808)**	(6,565)
Other	**6**	-
Investment impairment (note 10)	**72,991**	6,002

Notes to the financial statements *(continued)*

8 Interest receivable and similar income / interest payable and similar expenses

	2022 £000	2021 (unaudited) £000
Interest receivable from other group undertakings	454	137
Interest receivable and similar income	454	137
Interest payable to other group undertakings	-	(1)
Third party interest payable and similar charges	(601)	(148)
Interest payable and similar expenses	(601)	(149)

9 Tax on profit/(loss)

	2022 £000	2021 (unaudited) £000
UK corporation tax		
Adjustment in respect to prior years	988	-
Total current tax	988	-
Deferred tax		
Origination/reversal of timing differences	444	1,213
Adjustment for prior years	29	
Total deferred tax	473	1,213
Total tax on profit/(loss)	1,461	1,213

Notes to the financial statements *(continued)*

9 Tax on profit/(loss) *(continued)*

Factors affecting the tax credit for the current year
The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below.

Total tax reconciliation	**2022**	2021 (unaudited)
	£000	£000
(Loss)/profit before taxation	**(66,237)**	18,215
Expected tax credit/(charge) 19% (2021: 19%)	**12,585**	(3,461)
Effects of:		
Non-taxable income	**1,159**	3,356
Change in UK tax rate	**107**	291
Non-deductible expense	**(13,406)**	405
Tax losses for which no deferred tax recognised	**-**	622
(Over)/under provision in prior years	**(1,016)**	-
Total tax credit	**1,461**	1,213

The Finance Act 2016, published on 15 September 2016, included legislation reducing the main rate of UK corporation tax to 17% with effect from 1 April 2020. This legislation was repealed with effect from 17 March 2020. The main rate of UK corporation tax applicable from 1 April 2020 remains at 19%. On 24 May 2021, the increase in the UK tax rate from 19% to 25% with effect from 1 April 2023 was substantially enacted.

10 Investments

	2022	2021 (unaudited)
	£000	£000
At 1 July	**279,130**	265,132
Capital investment	**-**	20,000
Impairment	**(72,991)**	(6,002)
At 30 June	**206,139**	279,130

Assessment of the carrying value of the company's investments resulted in an impairment of £72,991,000 recognised in operating profit in the year (2021: £6,002,000).

Proportion of subsidiaries owned by McBride Holdings Limited at 30 June 2022 is as follows:

Subsidiary companies	**% holding (ordinary shares)**	**Country of Incorporation**
Robert McBride Ltd (a)	100.00%	United Kingdom
McBride S.A.S. (b)	100.00%	France
Chemolux S.a.r.l. (c)	100.00%	Luxembourg
Chemolux Germany GmbH (d)	100.00%	Germany
McBride Hong Kong Holdings Limited (e)	100.00%	Hong Kong
McBride Australia Pty Limited (f)	100.00%	Australia
McBride Asia Holdings Limited (e)	100.00%	Hong Kong
Intersilesia McBride Polska Sp. z.o.o. (g)	100.00%	Poland
McBride Denmark a/s (h)	100.00%	Denmark

Notes to the financial statements *(continued)*

10 Investments *(continued)*

In the opinion of the directors the value of shares in the company's subsidiaries, is not less than the amount at which these are shown in the balance sheet.

Registered office addresses:

(a) Middleton Way, Middleton, Manchester M24 4DP
(b) 20 rue Gustave Flaubert, 14590 Moyaux, France.
(c) Rue de l'industrie, Foetz, Luxembourg 3895.
(d) Heinrichstrasse 73, 40239 Düsseldorf, Germany.
(e) Unit 2001-02, 20th Floor, Prosperity Place, 6 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.
(f) Level 4, 147 Collins Street, Melbourne, Victoria 3000, Australia.
(g) Ul. Matejki 2a, 47100 Strzelce Opolskie, Poland.
(h) Lægårdvej 90-94, 7500 Holstebro, Denmark.

11 Debtors

	2022	2021 (unaudited)
	£000	£000
Amounts owed by group undertakings – interest bearing	7,767	7,980
Amounts owed by group undertakings – non-interest bearing	4,646	4,384
Financial instruments	810	22
Deferred tax asset	1,687	1,213
	14,910	13,599

All amounts (interest and non-interest bearing) owed by group undertakings are unsecured, have no fixed repayment date and are repayable on demand. Interest bearing amounts owed by group undertakings comprise a Euro denominated loan with GBP equivalent value in 2022 of £7,767,000 (2021: £7,980,000). The interest rate is based on 3 month Euribor at the start of each quarter but with a floor of 0% in line with the Group RCF facility, plus a margin of 1.4% again determined by the RCF definition of the margin to be charged on external loans.

The company has deductible temporary differences that have the potential to reduce future tax liabilities. Deferred tax assets are recognised to the extent that recovery is probable against the future reversal of taxable temporary differences and projected taxable income. At 30 June 2022, the company recognised deferred tax assets of £1,687,000 (2021: £1,213,000). The directors have considered the future profitability of the company and have prepared profit and cash flow forecasts into the future which support the recognition of the deferred tax assets.

The Finance Act 2016, published on 15 September 2016, included legislation reducing the main rate of UK corporation tax to 17% with effect from 1 April 2020. This legislation was repealed with effect from 17 March 2020. The main rate of UK corporation tax applicable from 1 April 2020 remains at 19%. On 24 May 2021, the increase in the UK tax rate from 19% to 25% with effect from 1 April 2023 was substantially enacted. Deferred tax has been calculated for the UK based on the expected reversal dates of the temporary differences.

Notes to the financial statements *(continued)*

12 Creditors: amounts falling due within one year

	2022 £000	2021 (unaudited £000
Bank Loans and Overdrafts	**107**	-
Amounts owed to parent company – non-interest bearing	**98,867**	106,769
Amounts owed to group undertakings – non-interest bearing	**4,112**	4,112
Other creditors	-	8
	103,086	110,889

All amounts owed to group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

13 Creditors: amounts falling due after more than one year

	2022 £000	2021 (unaudited) £000
Bank loans and Overdrafts	**10,400**	10,400

14 Called up share capital

Ordinary shares of £0.64 each

	No.	£000
Authorised		
At 30 June 2021 and 30 June 2022	**58,929,656**	37,715
Allotted and fully paid		
At 30 June 2021 and 30 June 2022	**12,054,657**	7,715

All shares rank pari passu in all respects.

15 Employees

The Company has no employees (2021: none).

16 Ultimate parent company

The company is a subsidiary undertaking of McBride plc, which is the ultimate parent company and controlling party and is incorporated the United Kingdom and registered in England and Wales. The company has taken advantage of the exemption under the Companies Act 2006 Section 400 not to prepare group financial statements, therefore these financial statements present information about the company only and not the group.

The largest and smallest group in which the results of the company are consolidated is that of the ultimate parent company, McBride plc. No other group financial statements include the results of the company. The consolidated financial statements of the ultimate parent company are available to the public and may be obtained from the registered office at McBride plc, Middleton Way, Middleton, Manchester M24 4DP.