

Company registered no: 04431556

World of Sweets Limited  
Annual report for the year ended 31  
December 2018



# World of Sweets Limited

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# World of Sweets Limited

## Board of directors and advisers

### Directors

W Beedle  
S Foster

### Company number

04431556

### Registered office

25 Jubilee Drive  
Loughborough  
Leicestershire  
LE11 5TX

### Independent auditors

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditors  
1 Holly Street  
Sheffield  
S1 2GT

# World of Sweets Limited

## Strategic report for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

### Principal activities

The principal activity of the company is the wholesaling of confectionery products in the United Kingdom.

### Business review and future developments

The company achieved sales of £35,624,000 (2017: £41,674,000) and a profit on ordinary activities before taxation of £2,033,000 (2017: £1,998,000). At 31 December 2018 the company had net assets of £13,782,000 (2017: £12,060,000). The company has plans and aspirations to develop the business through a further widening of the product range, customers and markets.

Competition in the sector remains strong, which has impacted on the turnover recorded in the year. The company has had to remain competitive on margins with new customers. Moving forwards the new and established client base is expected to enable us to not only restore and grow the margin but also the overall performance.

### Key performance indicators (“KPIs”)

Given the nature of the business, the directors are of the opinion that analysis using any KPIs in addition to turnover and operating profit is not necessary for an understanding of the development, performance or position of the business.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risk faced by the company is the increasing level of competition from local and national wholesalers and retailers, which is managed by the continued development of product ranges and customer service. I.T. systems risk is managed by ongoing improvement and maintenance of I.T. systems and the retention of key personnel is managed by appropriate incentivisation.

### Financial risk management

The company's operations expose it to a variety of financial risks that include commodity price risk, credit risk, currency risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring and minimising levels of risk.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department adopts policies and procedures that set out specific guidelines to manage risks and circumstances where it would be appropriate to use financial instruments to manage them.

#### *Price risk*

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing the exposure to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

# World of Sweets Limited

## Strategic report for the year ended 31 December 2018 (continued)

### *Currency risk*

The group of which the company is a member utilises forward foreign currency contracts to mitigate risks associated with foreign currency purchases.

### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential and continuing customers before credit sales are made and then monitored to ensure these terms are subsequently complied with.

### *Liquidity risk*

The group of which the company is a member maintains appropriate liquidity through its working capital and loan facilities to ensure the company has sufficient available funds for operations and planned expansion.

### *Interest rate cash flow risk*

The group of which the company is a member has both working capital facilities and longer term loan finance. In order to ensure stability of cash flows and hence manage interest rate risk, the group has an interest rate cap to limit the maximum rate in respect of bank loans.

On behalf of the board



S Foster  
Director  
30 April 2019

# World of Sweets Limited

## Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

### Results and dividends

The profit for the financial year after taxation amounted to £1,722,000 (2017: £2,206,000). The directors recommend a final dividend payment of £nil (2017: £nil).

### Future developments

The future developments are detailed in the strategic report on page 2.

### Research and development

We continue to invest in the systems, both at our depots and Head Office, to enable us to provide better product ranges, consistent quality, and improved customer service.

### Principal risks and uncertainties

The principal risks and uncertainties are detailed in the strategic report on page 2.

### Financial risk management

The financial risk management is detailed in the strategic report on pages 2 and 3.

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

W Beedle (appointed 23 April 2018)  
S Foster (appointed 23 April 2018)  
V Madhu (resigned 23 April 2018)  
N Madhu (resigned 23 April 2018)

### Qualifying third party indemnity provision

The company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This was in place during the financial year and also at the date of approval of the financial statements.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

# World of Sweets Limited

## Directors' report for the year ended 31 December 2018 (continued)

### Statement of directors' responsibilities (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

On behalf of the board



S Foster  
Director  
30 April 2019

# World of Sweets Limited

## Independent auditor's report to the members of World of Sweets Limited

### Opinion

We have audited the financial statements of World of Sweets Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

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

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# World of Sweets Limited

## Independent auditor's report to the members of World of Sweets Limited (continued)

### Matter on which we are required to report under the Companies Act 2006

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 the directors' report.

### Matters on which we are required to report by exception

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 for the financial statements

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

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

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

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

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

### Use of our report

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



Michael Redfern  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Sheffield

30 April 2019

## World of Sweets Limited

### Profit and loss account for the year ended 31 December 2018

	Note	2018	2017
		£'000	£'000
Turnover	3	35,624	41,674
Cost of sales		(29,660)	(34,986)
<b>Gross profit</b>		<b>5,964</b>	<b>6,688</b>
Distribution costs		(1,688)	(1,750)
Administrative expenses		(2,243)	(2,940)
<b>Operating profit and profit before taxation</b>	4	<b>2,033</b>	<b>1,998</b>
Tax on profit	6	(311)	208
<b>Profit for the financial year</b>		<b>1,722</b>	<b>2,206</b>

The notes on pages 11 to 22 form part of these financial statements.

There are no recognised gains or losses for the financial years stated above other than those included above. Accordingly, no separate statement of comprehensive income is presented.

The results presented are all derived from continuing activities.

# World of Sweets Limited

## Balance sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	7	1,952	2,307
Tangible assets	8	163	152
Investments	9	1,662	1,662
		<b>3,777</b>	<b>4,121</b>
<b>Current assets</b>			
Debtors	10	19,940	16,535
Cash at bank and in hand		726	1,545
		<b>20,666</b>	<b>18,080</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(10,661)</b>	<b>(10,141)</b>
<b>Net current assets</b>		<b>10,005</b>	<b>7,939</b>
<b>Total assets less current liabilities</b>		<b>13,782</b>	<b>12,060</b>
<b>Net assets</b>		<b>13,782</b>	<b>12,060</b>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Retained earnings		13,782	12,060
<b>Total equity</b>		<b>13,782</b>	<b>12,060</b>

The notes on pages 11 to 22 form part of these financial statements.

These financial statements on pages 8 to 22 were approved by the board of directors on 30 April 2019 and were signed on its behalf by:



S Foster  
Director

World of Sweets Limited

Registered number: 04431556

# World of Sweets Limited

## Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
As at 31 December 2016 and 1 January 2017	-	9,854	9,854
Profit for the financial year and total comprehensive income	-	2,206	2,206
As at 31 December 2017 and 1 January 2018	-	12,060	12,060
Profit for the financial year and total comprehensive income	-	1,722	1,722
<b>As at 31 December 2018</b>	<b>-</b>	<b>13,782</b>	<b>13,782</b>

The notes on pages 11 to 22 form part of these financial statements.

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018

### 1. Summary of significant accounting policies and general information

World of Sweets Limited has a principal activity of the wholesaling of confectionery products in the United Kingdom.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 25 Jubilee Drive, Loughborough, Leicestershire, LE11 5TX.

#### Statement of compliance

The financial statements of World of Sweets Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006. The amendments to FRS102 issued in December 2017 have also been applied in these financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

#### Going concern

The company meets its day-to-day working capital requirements through its available cash reserves and banking facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis on preparing its financial statements.

#### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, and the company has taken advantage of the following exemptions:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows includes the company's cash flows; and
- From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7
- From including certain financial instrument disclosures as equivalent disclosures are contained in the consolidated financial statement of the group.

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 1. Summary of significant accounting policies and general information (continued)

#### Consolidated financial statements

The company is a wholly owned subsidiary of Hancocks Holdings Limited and of its parent, IB Group Ltd. It is included in the consolidated financial statements of IB Group Ltd which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

#### Foreign currency

The financial statements are presented in pound sterling and rounded to thousands.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transactions. At each period end foreign currency monetary assets and liabilities are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transactions and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Administrative expenses'.

#### Related party transactions

The company has taken the exemption from disclosing related party transactions with companies that are wholly owned within the group.

#### Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised and amortised over the period of expected benefit. This is considered to be a period of 10 years for the JTS Holdings Ltd acquisition made in 2014.

#### Investments

Fixed asset investments are shown at cost less any provision for impairment.

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 1. Summary of significant accounting policies and general information (continued)

#### Tangible fixed assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use or dismantling and restoration costs. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	2-5 years
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#### Impairment

Intangible and tangible assets are tested for impairment when an event that might affect asset values has occurred. An impairment loss is recognised in the profit and loss account to the extent that the carrying amount cannot be recovered either by selling the assets or from the discounted future earnings from operating the assets.

#### Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Payments under operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Financial instruments

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transactions is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial asset measured at amortised cost are assessed for objective evidence for impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the profit and loss account.

Basic financial liabilities, including trade and other payables, loans from fellow group companies and overdrafts are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transactions is measured at the present value of the future payments discounted at a market rate of interest.

The company does not apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. The company utilises forward exchange contracts to mitigate the risk of adverse exchange rate movements on foreign currency denominated inventory purchases. These financial instruments are measured at the fair market value, at the balance sheet date, with the gain or loss arising being recognised within the profit and loss account. The relating asset or liability is included within other debtors or other creditors.

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 1. Summary of significant accounting policies and general information (continued)

#### Pensions

The company is part of the group defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### Customer rebates

Customer rebates are recognised in line with the associated sales based on the customer agreement in place. These rebates are assessed at the year end and held in accruals for the likely settlement costs and these are maintained for an appropriate period in line with industry guidance.

#### Tax

The tax payable is based on the taxable profit for the year. Taxable profit differs from the profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it also excludes items which are never taxable or deductible.

The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on enacted or substantially enacted taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the corporation tax and deferred tax provisions in the period in which such determination is made.

#### Turnover

Turnover represents the amounts (excluding value added tax and net of trade discounts and rebates) derived from the provision of goods to customers during the year, recognised on delivery to or collection of goods by customers when the significant risk and rewards of ownership have been transferred.

#### Reserves

Retained earnings represents cumulative net profits from the profit and loss account and comprehensive income. Movements on the reserve are set out in the statement of changes in equity.

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 2. Critical accounting judgements and estimation uncertainty

The company makes a limited number of material estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not always equal the related actual results. 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.

#### Taxation

The deduction of interest for corporation tax computations is subject to revised rules and thresholds particularly where parties are related. Management have judged that for the periods prior to the transfer of the controlling shares to the loan holder, materially all of the interest in the group remains deductible and within amounts available for group relief.

#### Complex customer arrangements

As part of the normal course of business, the company has entered into arrangements with customers whereby retrospective discounts are applied to invoiced sales, based upon the achievement of certain criteria by the company's customers. The criteria behind each agreement can vary and is often dependent upon the sales performance in the customers defined periods. An estimation of this likely amounts to be paid to customers is made at the point of sale and this is reviewed at the end of each reporting period. Amounts are held within accruals for the likely settlement costs and these are maintained for a period of three full years following the year in which the claim relates to in line with industry practice.

### 3. Turnover

Turnover by destination is analysed as follows:

	2018	2017
	£'000	£'000
Within the UK	32,138	38,152
Overseas markets including Republic of Ireland	3,486	3,522
	<b>35,624</b>	<b>41,674</b>

All turnover relates to the sale of goods to wholesale customers.

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 4. Operating profit

Operating profit is stated after charging/(crediting):

	2018 £'000	2017 £'000
Wages and salaries	541	681
Social security costs	57	71
Other pension costs	33	63
<b>Total staff costs</b>	<b>631</b>	<b>815</b>
Inventory recognised as an expense	29,660	34,986
Amortisation of intangible assets	355	355
Depreciation of tangible assets	151	158
Operating lease charges – property	120	120
Operating lease charges – plant & equipment	71	95
Foreign exchange gains	(39)	(45)
Bad debt expense (credit)/write offs	(5)	23

Auditors remuneration of £12,000 (2017: £12,000) and fees for other services are paid by Hancocks Acquisition Limited and no recharges were made to the company for such costs.

The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditors, in respect of the statutory audit for the year ended 31 December 2018. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditors Liability Agreements, and was approved by the shareholders on 1 April 2019.

The directors' emoluments in 2018 and 2017 were paid by Hancocks Acquisition Limited and Hancocks Holdings Limited. It is not possible to make an accurate apportionment of these emoluments in respect of each subsidiary. The total emoluments of the directors are disclosed in the financial statements of those companies.

### 5. Staff numbers

The monthly average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	2018 Number	2017 Number
Management	2	12
Sales	15	12
	<b>17</b>	<b>24</b>

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 6. Tax on profit

	2018	2017
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on profit for the year	300	-
Prior year adjustments	-	(190)
<b>Total current tax</b>	<b>300</b>	<b>(190)</b>
<b>Deferred tax – origination and reversal of timing differences</b>		
- current year	2	(18)
- prior year adjustments	9	-
<b>Total deferred taxation (note 12)</b>	<b>11</b>	<b>(18)</b>
<b>Total tax on profit</b>	<b>311</b>	<b>(208)</b>

The tax charge/(credit) for the year is lower than the standard rate of corporation tax charge in the UK of 19% (2017: 19.25%). The differences are explained as follows:

	2018	2017
	£'000	£'000
<b>Profit before taxation</b>	<b>2,033</b>	<b>1,998</b>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK at 19% (2017: 19.25%)	386	385
<b>Effects of:</b>		
Expenditure not deductible for tax purposes	68	68
Tax rate changes	-	2
Group relief not paid for	(152)	(473)
Adjustments in respect of prior years	9	(190)
<b>Total tax charge/(credit)</b>	<b>311</b>	<b>(208)</b>

Reduction to the UK corporation tax rates were included in the Finance Act 2016. These reduced the main rate to 17% from 1 April 2020. These changes were substantively enacted at the balance sheet date and therefore the deferred tax impact of these changes have been included in these financial statements.

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 7. Intangible assets

	<b>Goodwill</b>
	<b>£'000</b>
<b>Cost</b>	
As at 1 January 2018 and at 31 December 2018	<b>3,550</b>
<b>Accumulated amortisation</b>	
At 1 January 2018	1,243
Charge for the year	355
<b>At 31 December 2018</b>	<b>1,598</b>
<b>Net book amount</b>	
<b>At 31 December 2018</b>	<b>1,952</b>
At 31 December 2017	2,307

This purchase goodwill relates to the difference between the total consideration paid and the net book value of the assets arising on the transfer of the trade and assets of JTS (International) Limited to the company.

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 8. Tangible assets

	<b>Plant and machinery £'000</b>
<b>Cost</b>	
At 1 January 2018	1,615
Additions	162
<b>At 31 December 2018</b>	<b>1,777</b>
<b>Accumulated depreciation</b>	
At 1 January 2018	1,463
Charge for the year	151
<b>At 31 December 2018</b>	<b>1,614</b>
<b>Net book value</b>	
<b>At 31 December 2018</b>	<b>163</b>
At 31 December 2017	152

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 9. Investments

Investment  
in subsidiary  
undertakings  
£'000

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#### Cost and net book value

At 1 January 2018 and at 31 December 2018 1,662

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Subsidiary undertakings	Country of registration	Principal activity	Class of shares held	% share holding
JTS Holdings Limited	England	Dormant	Ordinary	100%
JTS (International) Limited*	England	Dormant	Ordinary	100%

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\*indicates indirect holding.

Both subsidiaries are registered at 25 Jubilee Drive, Loughborough, Leicestershire, LE11 5TX.

The directors consider that the carrying value of the investments is supported by their underlying net assets.

### 10. Debtors

	2018 £'000	2017 £'000
Trade debtors	5,500	6,795
Amounts owed by group undertakings	14,386	9,689
Other debtors	14	-
Deferred tax asset (note 12)	33	44
Prepayments and accrued income	7	7
	<b>19,940</b>	<b>16,535</b>

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Amounts owed by and to group undertakings are unsecured, interest free and are repayable on demand.

Trade debtors are stated after provisions for impairment of £19,000 (2017: £34,000).

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

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

	2018	2017
	£'000	£'000
Trade creditors	7	66
Amounts owed to group undertakings	9,684	9,250
Corporation tax payable	300	-
Other creditors	3	40
Accruals and deferred income	667	785
	<b>10,661</b>	<b>10,141</b>

Amounts owed by and to group undertakings are unsecured, interest free and are repayable on demand.

The company's financing facility includes a revolving credit facility of £15,000,000 to cover working capital and liquidity commitments. Interest is charged at LIBOR plus 3.25% on the drawn down amount. A commitment fee of 1.3% is charged on the undrawn amount. This facility is shared between the company and fellow intercompany members, Innovative Bites Limited and Hancock Cash & Carry Limited. Bank borrowings were secured by fixed and floating charges over the group assets together with cross guarantees between all group companies.

### 12. Deferred taxation

	£'000
Deferred tax asset at 1 January 2018	44
Credited to profit and loss account (note 6)	(11)
<b>Deferred tax asset at 31 December 2018</b>	<b>33</b>

	2018	2017
	£'000	£'000
Being		
Accelerated capital allowances	33	44
<b>Deferred tax asset</b>	<b>33</b>	<b>44</b>

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 13. Called up share capital

	2018	2017
	£	£
1 (2017: 1) ordinary share of £1	1	1

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

### 14. Capital and other commitments

The company had no future minimum lease payments under non-cancellable operating leases nor capital commitments (2017: none).

### 15. Contingent liabilities

The company has given cross guarantees in respect of £124.4m (2017: £116.5m) of parent company borrowings.

### 16. Pension scheme

The company is part of a group defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £33,000 (2017: £63,000). There were no prepaid or accrued contributions at the beginning or end of the year.

### 17. Related party transactions

Bobby's Foods Limited became a fellow subsidiary within the Hancocks Topco Limited group with 90% of the shares held by the group on 14 October 2016 and with 100% held from April 2017. World of Sweets sold £1,542,000 of product to Bobby's Foods Limited in the period from January to April 2017.

### 18. Ultimate parent company and controlling parties

The immediate parent company is Hancocks Holdings Limited and the ultimate parent company as of 31 December 2018 was IB Topco Ltd, registered in England and Wales.

Copies of the financial statements of IB Group Ltd, which is the only group company to prepare consolidated financial statements, can be obtained from the registrar of Companies, Companies House, Crown Way, Cardiff.

Och-Ziff Management Europe Limited manages the interests of the private investing funds, which control the majority of the shares in the ultimate parent company.