

Company registered no: 04431556

World of Sweets (Distribution) Limited  
Annual report for the year ended  
31 December 2022



## **World of Sweets (Distribution) Limited**

### **Contents**

Board of directors and advisers	1
Strategic report for the year ended 31 December 2022	2
Directors' report for the year ended 31 December 2022	4
Independent auditor's report to the members of World of Sweets (Distribution) Limited	6
Profit and loss account for the year ended 31 December 2022	10
Balance sheet as at 31 December 2022	11
Statement of changes in equity for the year ended 31 December 2022	12
Notes to the financial statements for the year ended 31 December 2022	13

# **World of Sweets (Distribution) Limited**

## **Board of directors and advisers**

### **Directors**

W Beedle

S Foster

R Norbury (appointed 1 March 2022)

### **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 (Distribution) Limited**

## **Strategic report for the year ended 31 December 2022**

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

### **Principal activities**

The principal activity of the company is the wholesaling of confectionery products.

### **Business review and future developments**

The company recorded sales of £46,487,000 (2021: £35,647,000) and a profit before taxation of £2,175,000 (2021: £2,399,000). This includes the transferred trade of a parent company from September 2022. At 31 December 2022 the company had net assets of £1,266,000 (2021: £16,298,000) as a result of the profit for the year and a reduction of £17,059,000 from dividends paid to the parent company. The dividend was paid as part of an internal group restructuring to reduce the number of intermediate holding companies, with the company now held directly by World of Sweets Group Limited.

The company has plans and aspirations to develop the business through a further widening of the product range, customers and markets.

The uncertainty around the implications of Brexit is reducing with no major impact on trading. The primary risks are uncertainty in the overall UK economy and inflationary pressures which continue to impact operational conditions and consumer confidence.

### **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 risks faced by the company are the impact of overall economic and inflationary pressures together with the level of competition from local and national wholesalers. This is managed by active control of costs and maintaining a safe environment for deliveries to customers together with the continued development of product ranges and customer service.

### **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.

## **World of Sweets (Distribution) Limited**

### **Strategic report for the year ended 31 December 2022 (continued)**

#### *Price risk*

The company is indirectly exposed to a degree of commodity price risk as a result of its operations. However, not being a manufacturer, the ability to manage that exposure to commodity price risk is limited to pricing negotiations with suppliers of product containing commodities and with customers purchasing that product.

#### *Currency risk*

The company utilises appropriate 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 and interest rate risk*

The group of which the company is a member actively maintains appropriate levels of liquidity designed to ensure the group has sufficient funds available for operations and planned expansion. The group uses a working capital facility, long term finance and rolled up interest arrangements that are designed to ensure the group has sufficient available funds for operations and planned expansions.

On behalf of the board



R Norbury  
Director  
Date: 30/6/2023

## **World of Sweets (Distribution) Limited**

### **Directors' report for the year ended 31 December 2022**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

#### **Results and dividends**

The profit for the financial year after taxation amounted to £2,027,000 (2021: £2,459,000). Dividends of £17,059,000 have been paid in the year (2021: £nil). The dividends were paid in order to provide equity to a number of intermediate holding companies and to allow for a reduction in the number of these as part of an internal group restructuring. The company was transferred within the group and is now held directly by World of Sweets Group Limited.

Future developments, principal risks and uncertainties and financial risk management are detailed in the strategic report on pages 2 and 3.

#### **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.

#### **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  
S Foster  
R Norbury (appointed 1 March 2022)

#### **Post balance sheet events**

On 14 June 2023, A&M Capital Europe private equity funds acquired the majority shareholding in a parent company, IB Group Ltd, from Sculptor Capital. New private equity and bank financing facilities were put in place and all previous loans to the group and accrued interest were fully repaid.

#### **Going concern**

The company is party to group financing arrangements including a revolving cash facility. The company has received confirmation of support from the group and that intercompany loans will not be repayable ahead of external liabilities. The group meets its day-to-day working capital requirements through its available cash reserves and banking facilities together with term debt facilities provided to the group by the shareholders. A further private equity buy-out of the IB group has recently completed and this includes new replacement financing facilities which are available to the group and company.

The group's detailed forecasts for the next year and medium term projections based on the current trends in trading, after taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the level of its currently available cash reserves, new banking facilities and related covenants. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and the company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **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.

# World of Sweets (Distribution) Limited

## Directors' report for the year ended 31 December 2022 (continued)

### 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:

- 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

*Richard Norbury*

R Norbury  
Director

Date: 30/6/2023

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

### **Opinion**

We have audited the financial statements of World of Sweets (Distribution) Limited (the 'company') for the year ended 31 December 2022, 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 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**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as inflation and interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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



## **Independent auditor's report to the members of World of Sweets (Distribution) 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 our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **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.

### **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 statement of directors' responsibilities, 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 World of Sweets (Distribution) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Financial Reporting Standard 102, the Companies Act 2006 and the Health and Safety Act 1974;
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, and from inspection of the company's board packs and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the directors;
- We assessed the susceptibility of World of Sweets (Distribution) Limited's financial statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand where management considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We assessed the appropriateness of the collective competence and capabilities of the engagement team including the consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation and knowledge of the industry in which the company operates.

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.

## **Independent auditor's report to the members of World of Sweets (Distribution) 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.

*Michael Redfern*

Michael Redfern  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Sheffield  
Date: 30/6/2023

## World of Sweets (Distribution) Limited

### Profit and loss account for the year ended 31 December 2022

	Note	2022	2021
		£'000	£'000
<b>Turnover</b>	3	<b>46,487</b>	<b>35,647</b>
Cost of sales		(37,022)	(28,919)
<b>Gross profit</b>		<b>9,465</b>	<b>6,728</b>
Distribution costs		(1,576)	(1,518)
Administrative expenses		(5,714)	(2,811)
<b>Operating profit and profit before taxation</b>	4	<b>2,175</b>	<b>2,399</b>
Tax (charge)/credit on profit	6	(148)	60
<b>Profit for the financial year</b>		<b>2,027</b>	<b>2,459</b>

The notes on pages 13 to 24 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 (Distribution) Limited

### Balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	7	2,775	887
Tangible assets	8	828	22
		<b>3,603</b>	909
<b>Current assets</b>			
Inventories	10	3,050	-
Debtors	11	30,304	23,727
Cash at bank and in hand		3,242	835
		<b>36,596</b>	24,562
<b>Creditors: amounts falling due within one year</b>	12	<b>(38,863)</b>	(9,173)
<b>Net current (liabilities)/assets</b>		<b>(2,267)</b>	15,389
<b>Total assets less current liabilities</b>		<b>1,336</b>	16,298
<b>Provisions for liabilities</b>	13	<b>(70)</b>	-
<b>Net assets</b>		<b>1,266</b>	16,298
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Retained earnings		1,266	16,298
<b>Total equity</b>		<b>1,266</b>	16,298

The notes on pages 13 to 24 form part of these financial statements.

These financial statements on pages 10 to 24 were approved by the board of directors on 30/6/2023 and were signed on its behalf by:

*Richard Norbury*

R Norbury  
Director

World of Sweets (Distribution) Limited

Registered number: 04431556

## World of Sweets (Distribution) Limited

### Statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
As at 1 January 2021	-	13,839	13,839
Profit for the financial year and total comprehensive income	-	2,459	2,459
As at 31 December 2021 and 1 January 2022	-	<b>16,298</b>	<b>16,298</b>
Profit for the financial year and total comprehensive income	-	2,027	2,027
Dividends paid of £17,059,000 per share		(17,059)	(17,059)
<b>As at 31 December 2022</b>	<b>-</b>	<b>1,266</b>	<b>1,266</b>

The notes on pages 13 to 24 form part of these financial statements.

## **World of Sweets (Distribution) Limited**

### **Notes to the financial statements for the year ended 31 December 2022**

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

World of Sweets (Distribution) 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 (Distribution) 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 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 is party to group financing arrangements including a revolving cash facility. The company has received confirmation of support from the group and that intercompany loans will not be repayable ahead of external liabilities. The group meets its day-to-day working capital requirements through its available cash reserves and banking facilities together with term debt facilities provided to the group by the shareholders. A further private equity buy-out of the IB group has recently completed and this includes new replacement financing facilities which are available to the group and company.

The group's detailed forecasts for the next year and medium term projections based on the current trends in trading, after taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the level of its currently available cash reserves, new banking facilities and related covenants. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and the company therefore continues to adopt the going concern basis in preparing its financial statements.

## **World of Sweets (Distribution) Limited**

### **Notes to the financial statements for the year ended 31 December 2022 (continued)**

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

##### **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 statements of the group.

##### **Consolidated financial statements**

The company is a wholly owned subsidiary of World of Sweets Group 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 the functional currency of 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 and included within the consolidated 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 commencing from the acquisition of the JTS Holdings Ltd business in 2014 and from the acquisition of the Bonds Confectionery business made in 2016, where the goodwill and business have now been transferred into the company and continues to be amortised over the original period expected to benefit.

##### **Investments**

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



# World of Sweets (Distribution) Limited

## Notes to the financial statements for the year ended 31 December 2022 (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
Leasehold improvements	7 years

#### 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 (Distribution) Limited**

## **Notes to the financial statements for the year ended 31 December 2022 (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.

#### **Inventories**

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first in first out basis method is used. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Appropriate provisions are made for slow-moving and obsolete stock.

#### **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 (Distribution) Limited

### Notes to the financial statements for the year ended 31 December 2022 (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

Judgement: 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, a majority of the interest in the group remains deductible and within amounts available for group relief.

##### Inventory provision

Judgement: The company is a national grocery and confectionary wholesaler and is therefore subject to seasonality of products. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying the assumptions around anticipated saleability of finished goods. See note 10 for the net carrying amount of the inventory and associated provision.

##### Complex customer arrangements

Estimate: 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:

	2022	2021
	£'000	£'000
Within the UK	41,303	30,634
Overseas markets including Republic of Ireland	5,184	5,013
	<b>46,487</b>	<b>35,647</b>

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

# World of Sweets (Distribution) Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 4. Operating profit

Operating profit is stated after charging/(crediting):

	2022 £'000	2021 £'000
Wages and salaries	1,264	497
Social security costs	138	55
Other pension costs	84	25
Total staff costs (recharged from another group undertaking)	1,486	577
Auditor's remuneration for audit (prior year borne by another group company)	22	21
Amortisation of intangible assets	518	355
Depreciation of tangible assets	114	234
Operating lease charges – property	66	343
Operating lease charges – plant and equipment	63	16
Bad debt expense	68	113

Property and equipment is leased from a fellow group undertaking.

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 2022. 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 16 February 2023.

The directors' emoluments were paid by World of Sweets (Hancocks) Limited, Hancocks Holdings Limited and IB Group Ltd and are disclosed in the financial statements of those companies. No recharges were made to the company for the directors' services and the directors do not believe it possible to apportion the remuneration between the companies.

### 5. Staff numbers

The monthly average number of persons employed by a fellow subsidiary group undertaking and whose cost is recharged to the company (including directors) during the year, analysed by category, was as follows:

	2022 Number	2021 Number
Management and administration	7	1
Sales	32	11
	39	12

## World of Sweets (Distribution) Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 6. Tax on profit

	2022 £'000	2021 £'000
<b>Current tax:</b>		
UK corporation tax on profit for the year	-	-
<b>Deferred tax – origination and reversal of timing differences</b>		
Current year	153	(25)
Change in rate	-	(20)
Adjustments in respect of prior periods	(5)	(15)
Total deferred taxation (note 13)	148	(60)
<b>Total tax charge/(credit) on profit</b>	<b>148</b>	<b>(60)</b>

The tax charge/(credit) for the year differs from the standard rate of corporation tax charge in the UK of 19% (2021: 19%). The differences are explained as follows:

	2022 £'000	2021 £'000
<b>Profit before taxation</b>	<b>2,175</b>	<b>2,399</b>
Profit before taxation multiplied by standard rate of corporation tax in the UK at 19% (2021: 19%)	413	456
<b>Effects of:</b>		
Expenditure not deductible for tax purposes	97	67
Enhanced capital allowances	(14)	-
Transfer in from another group undertaking	60	-
Group relief not paid for	(440)	(548)
Effect of differing deferred and corporation tax rates	37	(20)
Adjustments in respect of prior periods	(5)	(15)
<b>Total tax charge/(credit)</b>	<b>148</b>	<b>(60)</b>

In May 2021 a change in the rate of corporation tax to 25% from April 2023 was substantively enacted and is accordingly applied to deferred tax balances at 31 December 2021 and 2022 as they are expected to reverse after this date.

# World of Sweets (Distribution) Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 7. Intangible assets

	<b>Licences</b>	<b>Goodwill</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
As at 1 January 2022	-	3,550	3,550
Transfer from a parent company	24	2,382	2,406
	<b>24</b>	<b>5,932</b>	<b>5,956</b>
<b>Accumulated amortisation</b>			
At 1 January 2022	-	2,663	2,663
Charge for the year	3	515	518
<b>At 31 December 2022</b>	<b>3</b>	<b>3,178</b>	<b>3,181</b>
<b>Net book amount</b>			
<b>At 31 December 2022</b>	<b>21</b>	<b>2,754</b>	<b>2,775</b>
At 31 December 2021	-	887	887

In September 2022, the Bonds Confectionery business including goodwill was transferred at book value from a parent company, Innovative Bites Limited, together with the trade and assets. The assets and liabilities acquired were:

	<b>£'000</b>
Intangible fixed assets	2,406
Tangible fixed assets	559
Stocks	2,977
Trade debtors, prepayments and accrued income	4,677
Cash	1,360
Trade liabilities including accruals and deferred income	(3,879)
Deferred tax	(6)
Consideration paid settled against intercompany balance	8,094

## World of Sweets (Distribution) Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 8. Tangible assets

	Plant and machinery £'000	Leasehold improvements £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	2,798	49	2,847
Additions	361	-	361
Transfer from a parent company	559	-	559
<b>At 31 December 2022</b>	<b>3,718</b>	<b>49</b>	<b>3,767</b>
<b>Accumulated depreciation</b>			
At 1 January 2022	2,776	49	2,825
Charge for the year	114	-	114
<b>At 31 December 2022</b>	<b>2,890</b>	<b>49</b>	<b>2,939</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>828</b>	<b>-</b>	<b>828</b>
At 31 December 2021	22	-	22

#### 9. Investments

The company holds all of 100 of the £0.01 ordinary shares in World of Sweets NI Limited, registered at Murray House, 4 Murray Street, Belfast, United Kingdom, BT1 6DN. This is dormant and has not yet traded.

#### 10. Inventories

	2022	2021
	£'000	£'000
Finished goods and goods for resale	3,050	-

There is no significant difference between the replacement cost of the inventory and its carrying amount. Inventories are stated after provisions for impairment of £64,000 (2021: £nil).

## World of Sweets (Distribution) Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 11. Debtors

	2022	2021
	£'000	£'000
Trade debtors	7,528	4,657
Amounts owed by group undertakings	22,623	18,986
Deferred tax asset (note 13)	-	84
Prepayments and accrued income	153	-
	<b>30,304</b>	<b>23,727</b>

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 £229,000 (2021: £113,000).

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

	2022	2021
	£'000	£'000
Trade creditors	1,979	-
Amounts owed to group undertakings	34,107	8,269
Other taxation and social security	92	16
Accruals and deferred income	2,685	888
	<b>38,863</b>	<b>9,173</b>

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

The company's financing facility includes revolving credit facilities of £15,000,000 to cover working capital and liquidity commitments. Interest is charged at 3.25% over base rates 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 group members, Innovative Bites Limited and World of Sweets (Hancocks) Limited. Bank borrowings were secured by fixed and floating charges over the group assets together with cross guarantees between all group companies.



## World of Sweets (Distribution) Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 13. Deferred taxation

	£'000
Deferred tax asset at 1 January 2022	84
Transferred from parent company	(6)
Charged to profit and loss account (note 6)	(148)
<b>Deferred tax liability at 31 December 2022</b>	<b>(70)</b>

	2022	2021
	£'000	£'000
(Accelerated)/deferred capital allowances	(70)	84
<b>Deferred tax (liability)/asset</b>	<b>(70)</b>	<b>84</b>

#### 14. Called up share capital

	2022	2021
	£	£
1 (2021: 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.

#### 15. Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022	2021
	£'000	£'000
Payment due date		
Not later than one year	221	-
Later than one year and not later than five years	329	-
	<b>550</b>	<b>-</b>

## **World of Sweets (Distribution) Limited**

### **Notes to the financial statements for the year ended 31 December 2022 (continued)**

#### **16. Contingent liabilities**

The company has given cross guarantees in respect of £52.2m (2021: £48.7m) of parent company borrowings.

#### **17. 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 £84,000 (2021: £25,000). There were no prepaid or accrued contributions at the beginning or end of the year.

#### **18. Post balance sheet events**

On 14 June 2023, A&M Capital Europe private equity funds acquired the majority shareholding in a parent company, IB Group Ltd, from Sculptor Capital. New private equity and bank financing facilities were put in place and all previous loans to the group and accrued interest were fully repaid.

#### **19. Ultimate parent company and controlling parties**

The immediate parent company is World of Sweets Group Limited and the ultimate parent company as of 31 December 2022 was IB Topco Ltd, registered in England and Wales.

Copies of the financial statements of IB Group Ltd, which is the only parent group company to prepare consolidated financial statements at 31 December 2022, can be obtained from the registrar of Companies, Companies House, Crown Way, Cardiff.

Sculptor Capital Management Europe Limited managed the interests of the private investing funds, which controlled the majority of the shares in the ultimate parent company at 31 December 2022.