Company Registration No. 05480650 (England and Wales)

UNITED BRANDS OF SCANDINAVIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

St Matthew's House
Quays Office Park
Conference Avenue
Portishead
Bristol
BS20 7LZ

UNITED BRANDS OF SCANDINAVIA LIMITED

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COMPANY INFORMATION

Directors	Mrs A Frewer Mr C G Harstedt Mr U T Jansson Mr S T Jansson
Company number	05480650
Registered office	Unit 1 Hirwaun Industrial Estate Hirwaun Aberdare CF44 9UP
Auditor	TC Group St Matthew's House Quays Office Park Conference Avenue Portishead Bristol BS20 7LZ
Business address	Unit 1 Hirwaun Industrial Estate Hirwaun Aberdare CF44 9UP

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

Principal activities

The principal activity of the company in the year under review was that of the sale of workwear, sportswear and gifts in the corporate sector.

Results and dividends

No dividends will be distributed for the year ended 31 December 2022.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs A Frewer
Mr C G Harstedt
Mr U T Jansson
Mr S T Jansson

Financial Investments and Risk

United Brands of Scandinavia Limited, is exposed to various financial risks. These financial risks are currency, borrowings, interest, liquidity and credit exposure. In order to minimise the effect of these risks, the company relies on the support and management of these risks by New Wave Group AB, its parent company, who have established financial policies, that it expects Group companies to adhere to. The goal is for the central finance function to use the Group's economy of scale and assist subsidiaries with professional service. As disclosed in note 23, a copy of the parent company New Wave Group AB accounts can be obtained that disclose the full risks the group is exposed to and the management of those risks.

Auditor

In accordance with the company's articles, a resolution proposing that TC Group be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

Mrs A Frewer
Director

28 April 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED BRANDS OF SCANDINAVIA LIMITED

Opinion

We have audited the financial statements of United Brands of Scandinavia Limited (the 'company') for the year ended 31 December 2022 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

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 IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- 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, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (IFRS and the Companies Act 2006) and the relevant tax compliance regulations in the UK;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-rc
. 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.

Amanda Kruger FCCA (Senior Statutory Auditor)
For and on behalf of TC Group

Statutory Auditor

Office: Portishead

28 April 2023

UNITED BRANDS OF SCANDINAVIA LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Revenue	3	6,213,863	5,250,276
Cost of sales		(3,611,905)	(3,419,241)
Gross profit		2,601,958	1,831,035
Other operating income		13,812	41,283
Administrative expenses		(1,749,672)	(1,490,445)
Operating profit	4	866,098	381,873
Investment revenues		21	-
Finance costs	7	(40,941)	(15,970)
Profit before taxation		825,178	365,903
Income tax expense	8	(124,981)	(93,723)
Profit and total comprehensive income for the year	22	700,197	272,180

UNITED BRANDS OF SCANDINAVIA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Non-current assets			
Intangible assets	**9**	1,391	-
Property, plant and equipment	**10**	919,113	969,249
Investments	**11**	86	86
		920,590	969,335
Current assets			
Inventories	**13**	6,302,127	4,170,939
Deferred tax asset	**18**	139,336	264,317
Trade and other receivables	**14**	1,296,347	1,010,434
Cash and cash equivalents		506,738	581,081
		8,244,548	6,026,771
Current liabilities			
Trade and other payables	**16**	2,789,152	1,278,136
Lease liabilities	**17**	24,735	37,914
		2,813,887	1,316,050
Net current assets		5,430,661	4,710,721
Non-current liabilities			
Lease liabilities	**17**	1,296	27,054
Deferred revenue	**19**	121,831	125,075
		123,127	152,129
Net assets		6,228,124	5,527,927

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Equity			
Called up share capital	**21**	7,000,000	7,000,000
Retained earnings	**22**	(771,876)	(1,472,073)
Total equity		6,228,124	5,527,927

The financial statements were approved by the board of directors and authorised for issue on 28 April 2023 and are signed on its behalf by:

Mrs A Frewer
Director

Company Registration No. 05480650

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2021	7,000,000	(1,744,253)	5,255,747
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	272,180	272,180
Balance at 31 December 2021	7,000,000	(1,472,073)	5,527,927
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	700,197	700,197
Balance at 31 December 2022	7,000,000	(771,876)	6,228,124

UNITED BRANDS OF SCANDINAVIA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash generated from operations	**26**		28,027		146,697
Interest paid			(40,941)		(15,970)
Net cash (outflow)/inflow from operating activities			(12,914)		130,727
Investing activities					
Purchase of intangible assets		(1,448)		-	
Purchase of property, plant and equipment		(21,065)		(3,337)	
Purchase of subsidiaries		-		(86)	
Interest received		21		-	
Net cash used in investing activities			(22,492)		(3,423)
Financing activities					
Payment of lease liabilities		(38,937)		(37,913)	
Net cash used in financing activities			(38,937)		(37,913)
Net (decrease)/increase in cash and cash equivalents			(74,343)		89,391
Cash and cash equivalents at beginning of year			581,081		491,690
Cash and cash equivalents at end of year			506,738		581,081

1 Accounting policies

Company information

United Brands of Scandinavia Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Hirwaun Industrial Estate, Hirwaun, Aberdare, CF44 9UP.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

There are no new standards, interpretations or amendments issued by the IASB that are applicable to the year ended 31 December 2022.

The financial statements have been prepared prepared under the historical cost convention, no new policies were issued by IASB that are applicable to these Financial Statements. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

United Brands of Scandinavia Limited is a wholly owned subsidiary of New Wave Group AB and the results of United Brands of Scandinavia Limited are included in the consolidated financial statements of New Wave Group AB which are available the company secretary at New Wave Group AB (publ), Org nr 556350-0916 Orrekulla Industrigata 61, SE-425 36 Hisings Kärra.

1.2 Going concern

The Financial Statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. In making their assessment the directors have reviewed the balance sheet, the likely future cash flows of the business and have considered the facilities and cash that are in place at this point in time.

In 2022 the company had to deal with fluctuating exchange rates increasing cost of stock, increased freight costs on long-haul containers and the UK inflation being at its highest in 40 years. Despite these issues, the company still achieved record profits.

In 2023 the company plans to continue with similar profits to these achieved in 2022 and it aims to increase its market share. The balance sheet position is very healthy with all the required provisions in place.

In addition, the directors have reviewed the company's cash flow requirements for the coming 12 months and have a reasonable expectation that the company can continue in business and on that basis feel it appropriate to prepare the Financial Statements on a going concern basis.

1 Accounting policies **(Continued)**

1.3 Revenue

(i) Sale of goods
The company recognises a sale when a sales invoice is issued to a customer. This occurs when the goods have been confirmed as despatched.

(ii) Government grants
Government grants received in respect of the purchase of property, plant & equipment are included in the Statement of Financial Position as deferred income and credited to the income statement over the useful economic lives of the related assets on a basis consistent with the depreciation policy.

Government grants received that are revenue in nature are credited to the income statement when due.

Management charges are accounted for on a receivable basis.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	2% straight line
Fixtures and fittings	20% straight line
Plant and machinery	at varying rates straight line
Computer equipment	at varying rates straight line
Plant and machinery right of use assets	over life of lease

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as profit or loss.

1.5 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies **(Continued)**

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is determined by including the cost of material and freight charges. If purchases are made in foreign currency, the amount is converted to sterling at the date the invoice is received.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or ' other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.12 Employee benefits

(i) Retirement benefit costs and termination benefits

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the services that entitle them to that contribution.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees of the company in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service,

There are no liabilities in relation to long-term employee benefits.

1.13 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

1 Accounting policies **(Continued)**

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.14 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 Provisions

Provisions are recognised where the company has a present legal or constructive obligation as a result of a past event or events, provided it is considered probable that the company will be required to settle the obligation, and that a reliable estimate can be made of its amount.

1.17 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

1 Accounting policies **(Continued)**

1.18 Financial instruments

Financial instruments reported in the Statement of Financial Position include liquid funds, accounts receivables, trade liabilities and borrowings. Financial instruments are valued and reported in the company in accordance with IAS 39 requirements. Financial instruments are initially reported at acquisition cost equivalent to the instrument's fair value with the addition of transaction costs for receivables and liabilities valued at the accrued acquisition cost.

A financial asset or liability is reported in the Statement of Financial Position when the company becomes party to the instrument's contractual conditions. Accounts receivables are reported in the Statement of Financial Position when the invoice is sent. A liability is recognised when the opposite party has performed and a contractual obligation to pay exists, even if the invoice has not yet been received. Trade payables are reported at the time an invoice is received. A financial asset is removed from the Statement of Financial Position when the obligations of the agreement are fulfilled or lapse, or when the company loses control of the asset.

(i) Trade receivables

Trade receivables are initially recognised at their fair recoverable values, after due regard for amounts whose collection is doubtful. Trade receivables have a short anticipated term to collection and therefore are valued without discounting. Impairment losses arising from trade receivables are recognised as expense.

(ii) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year and which were unpaid at that date. The amounts are unsecured and are usually paid within the suppliers' credit terms. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at fair value and having a short anticipated term to payment are valued without discounting.

(iii) Liquid funds and borrowings

Short term investments consist of liquid bank funds without a commitment period and therefore the market value is judged to correspond to book value. Borrowings consist of liabilities to the parent company. The liabilities are reported in the Statement of Financial Position at acquisition cost at settlement date, plus accrued interest. Interest expenses reported in the Statement of Profit or Loss over the same periods as the expenses.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate.

(ii) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iii) Inventory provisioning

When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of stock held due to customer demand.

3 Revenue

An analysis of the company's revenue is as follows:

	2022	2021
	£	£
Revenue analysed by class of business		
United Kingdom	5,181,562	4,145,143
Europe	985,837	1,099,408
Other	46,464	5,725
	6,213,863	5,250,276

3 Revenue **(Continued)**

	2022	2021
	£	£
Other significant revenue		
Interest income	21	-
Grants received	13,672	41,283

Other operating income

Included in Grants Received is release of a government grant of £3,244(2021: £3,539). The total amount of government grant received is being held in the Statement of Financial Position as deferred income and is being released to the income statement in accordance with useful economic life of the asset to which it relates.

In addition, £Nil (2021: £25,182) included in Grants Received relates to grants receivable from the Coronavirus Job Retention Scheme from the UK government.

Further £10,428 (2021: £12,562) was received in respect of other employee related grants.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	23,103	12,275
Government grants	(13,672)	(41,283)
Depreciation of property, plant and equipment	71,201	72,031
Amortisation of intangible assets (included within administrative expenses)	57	-
Cost of inventories recognised as an expense	3,611,905	3,419,241

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Management and Administration	16	12
Warehousing	6	7
Total	22	19

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	601,289	493,825
Social security costs	49,862	37,934
Pension costs	10,598	8,989
	661,749	540,748

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	94,100	77,626
Company pension contributions to defined contribution schemes	1,316	1,313
	95,416	78,939

7 Finance costs

	2022	2021
	£	£
Other interest payable	40,941	15,970

8 Income tax expense

	2022	2021
	£	£
Deferred tax		
Origination and reversal of temporary differences	124,981	93,723

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022	2021
	£	£
Profit before taxation	825,178	365,903
Expected tax charge based on a corporation tax rate of 19.00% (2021: 19.00%)	156,784	69,522
Effect of expenses not deductible in determining taxable profit	358	214
Utilisation of tax losses not previously recognised	(36,627)	-
Unutilised tax losses carried forward	-	1,462
Depreciation in excess of capital allowances	2,694	13,527
Movement in provisions	1,772	8,998
Taxation charge for the year	124,981	93,723

Changes to corporation tax rate

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances at the balance sheet date have been measured using the 25% rate to be prudent. For further information on deferred tax balances see note 18.

9 Intangible assets

	Computer Software
	£
Cost	
At 1 January 2021	4,188
At 31 December 2021	4,188
Additions - purchased	1,448
At 31 December 2022	5,636
Amortisation and impairment	
At 1 January 2021	4,188
At 31 December 2021	4,188
Charge for the year	57
At 31 December 2022	4,245
Carrying amount	
At 31 December 2022	1,391

10 Property, plant and equipment

	Freehold property	Fixtures and fittings	Plant and machinery	Computer equipment	Plant and machinery right of use assets	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	1,290,761	125,811	93,511	42,173	115,024	1,667,280
Additions	-	13,345	4,799	2,921	-	21,065
At 31 December 2022	1,290,761	139,156	98,310	45,094	115,024	1,688,345
Accumulated depreciation and impairment						
At 1 January 2022	394,408	121,238	73,046	37,816	71,523	698,031
Charge for the year	27,807	2,479	14,945	1,896	24,074	71,201
At 31 December 2022	422,215	123,717	87,991	39,712	95,597	769,232
Carrying amount						
At 31 December 2022	868,546	15,439	10,319	5,382	19,427	919,113
At 31 December 2021	896,353	4,573	20,465	4,357	43,501	969,249

11 Investments

	Current		Non-current	
	2022	**2021**	**2022**	**2021**
	£	**£**	**£**	**£**
Investments in subsidiaries	-	-	86	86

Fair value of financial assets carried at amortised cost

The directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

11 Investments (Continued)

Movements in non-current investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2022 & 31 December 2022	86
Carrying amount	
At 31 December 2022	86
At 31 December 2021	86

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct
United Brands Textiles Ireland Limited	Ireland	Sale of workwear, sportswear and gifts in the corporate sector	Ordinary	100.00

On 12 February 2021 the company acquired 100% of the issued share capital of the above subsidiary at a cost of £86.

The Investments in subsidiaries are all stated at cost.

13 Inventories

	2022	2021
	£	£
Finished goods	6,302,127	4,170,939

Included within inventories above is a provision for slow-moving goods of £96,842 (2021: £65,817).

14 Trade and other receivables

	2022	2021
	£	£
Trade receivables	1,253,813	934,348
Provision for bad and doubtful debts	(111,825)	(106,825)
	1,141,988	827,523
Amounts owed by fellow group undertakings	66,910	119,150
Other receivables	703	3,156
Prepayments	86,746	60,605
	1,296,347	1,010,434

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Total trade receivables (net of allowances) held by the company at 31 December 2021 amounted to £1,141,989 (2021: £827,523) . The average credit period taken on sales of goods is 76 days (2021: 63 days).

The company has recognised an allowance for doubtful debts of £110,657 (2021: £107,765) against specific trade receivables not considered recoverable. Allowances against doubtful debts are recognised against trade receivables past 60 days due based on estimated irrecoverable amounts determined by reference to past default experience and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

The ageing of past due but not impaired receivables are as follows:

15 Trade receivables - credit risk

Fair value of trade receivables

Ageing of past due but not impaired receivables	**2022**	**2021**
	£	£
60 - 90 Days	221,654	60,961
90 - 150 Days	252,272	94,741
	473,926	155,702

15 Trade receivables - credit risk **(Continued)**

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for doubtful debts	2022	2021
	£	£
Balance at 1 January 2022 and at 31 December 2022	111,825	106,825

16 Trade and other payables

	2022	2021
	£	£
Trade payables	454,325	393,033
Amounts owed to subsidiary undertakings	14,599	752
Amounts owed to fellow group undertakings	2,005,067	619,468
Accruals	104,123	72,429
Social security and other taxation	181,557	177,762
Other payables	29,481	14,692
	2,789,152	1,278,136

17 Lease liabilities

	2022	2021
Maturity analysis	£	£
Within one year	24,735	37,914
In two to five years	1,296	27,053
Total undiscounted liabilities	26,031	64,967

17 Lease liabilities (Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	£	£
Current liabilities	24,735	37,914
Non-current liabilities	1,296	27,054
	26,031	64,968

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 19%). The enaction of an increase to the tax rate applies to profits from 1 April 2023 with the main rate being 25% . Therefore the rate of 25% has been applied to all deferred tax balances at the balance sheet date. Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered based upon business forecasts. Details of the deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

	ACAs	Tax losses	Total
	£	£	£
Deferred tax asset at 1 January 2021	1,313	(359,353)	(358,040)
Deferred tax movements in prior year			
Credit to profit or loss	(1,313)	95,036	93,723
Deferred tax asset at 1 January 2022	-	(264,317)	(264,317)
Deferred tax movements in current year			
Credit to profit or loss	(1,770)	126,751	124,981
Deferred tax asset at 31 December 2022	(1,770)	(137,566)	(139,336)

The accumulated tax losses can be carried forward indefinitely.

19 Deferred revenue

	2022	2021
	£	£
Arising from government grants	121,831	125,075

Analysis of deferred revenue

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	£	£
Non-current liabilities	121,831	125,075

20 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £10,598 (2021 - £8,989).

21 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary Shares of £5000 each	1,400	1,400	7,000,000	7,000,000

The ordinary share capital holds full rights in respect of voting, and shall entitle the holder to full participation in respect of equity and in the event of winding up of the company. The shares may be considered by the director when considering dividends.

22 Retained earnings

	2022	2021
	£	£
At the beginning of the year	(1,472,073)	(1,744,253)
Profit for the year	700,197	272,180
At the end of the year	(771,876)	(1,472,073)

23 Related party transactions

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2022	**2021**	**2022**	**2021**
	£	**£**	**£**	**£**
Subsidiaries	964,354	939,563	717,771	849,167

The following amounts were outstanding at the reporting end date:

	2022	2021
Amounts due to related parties	**£**	**£**
Parent company	1,929,958	498,767
Subsidiaries	89,707	121,452
	2,019,665	620,219

The following amounts were outstanding at the reporting end date:

	2022	2021
Amounts due from related parties	**£**	**£**
Subsidiaries	66,910	119,150

The amounts owed to and from fellow group undertakings have standard 60 day payment terms attached.

No guarantees have been given or received.

24 Controlling party

The company's ultimate parent company and controlling party is New Wave Group AB, a company registered in Sweden.

New Wave Group AB is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the ultimate parent's consolidated financial statements may be obtained from the company secretary at New Wave Group AB (publ), Org nr 556350-0916 Orrekulla Industrigata 61, SE-425 36 Hisings Kärra.

25 Financial instuments and risk management

United Brands of Scandinavia Limited is exposed to various financial risks. These financial risks are currency, borrowings, interest, liquidity and credit exposure. In order to minimise the effect of these risks, the company relies on the support and management of these risks by its parent company, New Wave Group AB, who have established financial policies that is expects Group companies to adhere to. The goal is for the central finance function to use the Group's economy of scale and assist subsidiaries with professional service.

As disclosed in note 24 a copy of the parent company's financial statements, which discloses the full risks that the group is exposed to and the management of those risks, can be obtained from the company secretary of New Wave Group AB.

26 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	700,197	272,180
Adjustments for:		
Taxation charged	124,981	93,723
Finance costs	40,941	15,970
Investment income	(21)	-
Amortisation and impairment of intangible assets	57	-
Depreciation and impairment of property, plant and equipment	71,201	72,031
Movements in working capital:		
Increase in inventories	(2,131,188)	(464,964)
(Increase)/decrease in trade and other receivables	(285,913)	57,967
Increase in trade and other payables	1,511,016	103,329
Decrease in deferred revenue outstanding	(3,244)	(3,539)
Cash generated from operations	28,027	146,697