

Company registered no: 09990469

IB Group Ltd  
Annual report  
for the year ended 31 December 2020

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## **IB Group Ltd**

### **Contents**

Board of directors and advisers	1
Chairman's statement	2
Consolidated strategic report for the year ended 31 December 2020	3
Directors' report for the year ended 31 December 2020	7
Independent auditor's report to the members of IB Group Ltd	10
Consolidated profit and loss account for the year ended 31 December 2020	13
Consolidated balance sheet as at 31 December 2020	14
Company balance sheet as at 31 December 2020	15
Consolidated statement of changes in equity for the year ended 31 December 2020	16
Company statement of changes in equity for the year ended 31 December 2020	16
Consolidated cash flow statement for the year ended 31 December 2020	17
Notes to the financial statements for the year ended 31 December 2020	18

## **IB Group Ltd**

### **Board of directors and advisers**

#### **Directors**

R Rose (Chairman)

W Beedle

S Foster

K Widdrington

#### **Company number**

09990469

#### **Registered office**

25 Jubilee Drive

Loughborough

Leicestershire

LE11 5TX

#### **Independent auditor**

Grant Thornton UK LLP

Chartered Accountants and Statutory Auditors

1 Holly Street

Sheffield

S1 2GT

## **IB Group Ltd**

### **Chairman's statement**

Although 2020 has been a challenging year for us all, it was pleasing to see the performance of the group withstand those challenges and deliver a solid EBITDA result in line with that achieved in 2019.

Our supply chains have shown resilience and product flows have not been interrupted. Our online business has done especially well with a very large increase in sales and profits. Bobby's has also traded particularly well with an increase in average spend more than offsetting a small decline in customers trading. The business has proven itself to be extremely resilient and versatile, and will quickly continue to adapt both tactically and strategically to meet customer needs.

Reflecting on the year's performance it is clear that the market for confectionery and snacking products has remained robust, with consumers finding new ways to access our products. This has resulted in new customers to the group as that demand has been satisfied and the subtle shift in consumer spending habits has therefore increased the proportion of the market that is accessible to the group. We would expect this trend to continue.

Looking to our financial position, we exited 2020 with extremely strong liquidity, our reported cash balance and undrawn facilities totaling just short of £20 million as at the year end. That the majority shareholder is content to leave this cash in the business for reinvestment to drive growth, rather than seeking a reduction in their structural debt position, is testament to their continued support of the business and the management team.

With this investment in mind, the group was pleased to secure a new lease on a transformational new distribution centre in October 2020. This new facility will allow us to service our customers more efficiently whilst also increasing the capacity available for our eCommerce operation which continues to go from strength to strength. We expect the site to be fully operational in Q2 2021.

Looking forward to 2021, in part enabled by this new site, there are a number of exciting opportunities being pursued by the management team and I am confident of the business delivering continued success.

**R Rose**  
Chairman  
30 April 2021

## IB Group Ltd

### Consolidated strategic report for the year ended 31 December 2020

The directors present their consolidated strategic report for the year ended 31 December 2020.

#### Principal activities

The company is a holding company for a specialist confectionery wholesaler group. The group sells value-added confectionery to all types of retailer through a multi-channel network.

#### Business review and future developments

The group achieved turnover of £152m in the challenging conditions and recorded a loss before taxation of £8.7m for the year ended 31 December 2020 (2019: £167m and a loss before taxation of £14.1m). Significant non-recurring costs, non-cash interest and goodwill amortisation were contributing factors in this result. Interest charges reduced significantly from £12.0m to £5.5m as a result of a shareholder debt capitalisation in late 2019.

The group had net assets of £46.8m at 31 December 2020 (2019: £56.0m) and net current assets of £8.6m (2019: £5.7m).

Group operating cash flows for the year after taxation and capital expenditure resulted in a £8.2m inflow (2019: £2.6m) inflow. This was used to service interest payments and repay the principal in respect of the revolving facility.

For illustrative purposes the directors have presented below an analysis of business activities. This includes earnings before interest, tax, depreciation and amortisation ('EBITDA') for the years ended 31 December 2020 and 2019 after adjustment for non-recurring costs and income.

	2020	2019
	£'000	£'000
Turnover	152,366	167,210
Operating loss	(3,177)	(2,109)
Exceptional non-recurring costs*	2,389	1,214
Amortisation and depreciation	8,343	8,390
Adjusted EBITDA	7,555	7,495

\* 2020 non-recurring costs relate to restructuring as a result of the pandemic and changes in distribution including redundancy costs, property exit costs and the cost of setting up a new core warehouse and distribution centre, offset by a gain on disposal (2019: non-recurring costs relate to a VAT ruling and settlement of £0.6m and £0.6m of restructuring and refinancing related fees).

As with all businesses, 2020 has been impacted by Covid-19 and the UK shut down of businesses with a degree of uncertainty over the continuing impact and potential restrictions. Whilst a number of customers were closed for a period and this has limited the trading activity with those customers, overperformance in other channels has offset part of that shortfall and the businesses have now been developed to allow for increased direct product distribution. This has been coupled with cost management, including the furloughing of a number of employees for a period of time.

The UK has now left the European Union and 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 as the pandemic continues to impact operational conditions and consumer confidence.

## **IB Group Ltd**

### **Consolidated strategic report for the year ended 31 December 2020 (continued)**

#### **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, operating profit and the adjusted EBITDA disclosed on page 3 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 group's strategy are subject to a number of risks. The key business risks faced by the group are the continuing impact of Covid-19 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 group's operations expose it to a variety of financial risks that include commodity price risk, foreign currency risk, credit risk, liquidity risk and interest rate cash flow risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring and minimising the levels of risk. Given the size of the group, 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 group's finance department. The department adopts policies and procedures that set out specific guidelines to manage risks and circumstances where it would be appropriate to use financial instruments to manage them.

##### *Price risk*

The group 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 group utilises appropriate forward foreign currency contracts to mitigate risks associated with changes in rates for foreign currency purchases.

##### *Credit risk*

The group 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 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.

## **IB Group Ltd**

### **Consolidated strategic report for the year ended 31 December 2020 (continued)**

#### **The Directors' duties and group stakeholders**

The directors of the company, as for all UK companies, must act in accordance with the general duties set out in section 172 of the Companies Act 2006. This is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

#### **Strategic decisions**

The group operates in a relatively stable but competitive market for both independent and major retailers with changes in distribution occurring over time and as a consequence of the Covid 19 pandemic. This has required continuing review and enhancement of product development and investment in technology, on-line ordering and distribution to maintain revenue and profitability whilst engaging and communicating with all stakeholders including suppliers, customers and employees.

#### **Our employees**

Employees are essential to the group's interaction with other stakeholders and their commitment ensures successful trading and development of the business. We invest in employees through training, remuneration and incentive schemes where appropriate. Assessing health and safety for employees has been paramount in the Covid-19 outbreak as well as the health and safety of those who employees come into contact with and has guided the actions taken. This has resulted in the temporary shut down of elements of the business, home working and furloughing to maintain continuity of employment where there is temporarily no active role.

It is the group's policy to give full consideration to suitable applications for employment by disabled persons (including any who may become disabled whilst in the employment of the group) and to arrange appropriate training.

The group is committed to involving all employees in the performance and development of the group with communication through regular internal communications at both a group and departmental level. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting the day to day operations of the group.

#### **Business relationships**

Customer relationships and high standards of service are key to maintaining and growing the group's business. The group has a diverse customer base and seeks to provide the right range of existing and new products to enhance sales to customers. Ongoing communication occurs through the group's websites and those employees who have regular face to face interactions with customers. Where appropriate, rebates or incentives are agreed to drive and share in the benefit of increased sales.

Suppliers are fundamental to the business as a wholesaler in respect of providing a range of products and in ensuring that the supply and quality of products to be sold is maintained. There is regular communication with major suppliers, there are agreements in place to incentivise the levels of purchases in order to benefit both supplier and the group and the group policy is to consistently meet supplier payment terms. The group has had additional engagement with EU based suppliers to allow for contingency plans and supply as the UK left the EU.

## **IB Group Ltd**

### **Consolidated strategic report for the year ended 31 December 2020 (continued)**

#### ***Community and environment***

The group both promotes and encourages engagement with employees and employee involvement in community and charitable projects including in respect of strategic partnerships and the ad hoc support of worthy causes.

The group is committed to sustainable use of resources and packaging and has continued to increase both the use of recyclable materials and recycling of office and warehouse waste.

#### ***Standards and values***

The directors recognise the importance of a positive corporate culture and have drawn up a framework of values and behaviours that all employees are expected to adhere to.

#### ***Shareholders***

Continued access to capital and the structure of the private equity funding is essential to the operation and development of the business. The directors regularly report to the shareholders who also monitor and have oversight of the annual plans, initiatives and longer term plans as well as being party to an investor agreement with the group. This resulted in a recapitalisation in 2019 and the deferral of interest payments in order to appropriately fund and support the medium term development of the business.

On behalf of the board

*Steve Foster*

S Foster  
Director,  
30 April 2021



## **IB Group Ltd**

### **Directors' report for the year ended 31 December 2020**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

#### **Results and dividends**

The loss for the financial year amounted to £9.2m (2019: loss of £15.2m) with more detail included in the strategic report. The directors do not recommend the payment of a dividend (2019: £nil).

#### **Strategic report**

The following items have been included within the strategic report on pages 3 to 6:

- Principal activities
- Business review
- Future developments
- Key performance indicators
- Principal risks and uncertainties
- Financial risk management
- The directors' duties under s172 of the Companies Act including those relating to employees and other group stakeholders

#### **Research and development**

The group continues to invest in the systems at depots, in warehouses and Head Office, to enable it 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:

R Rose  
W Beedle  
S Foster  
K Widdrington

#### **Going concern**

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 major recapitalisation of the loans and deferral of interest on the remaining debt held by shareholders was made in December 2019. In 2020 the group has drawn down new government backed loans of a net £6.5m, rolled up senior debt interest payments and the existing working capital facility remains in place. The facilities are subject to revised covenant tests and the directors have run a number of downside scenarios, including those considered worst case and factoring in reasonable mitigating factors, to demonstrate that no covenant breaches are considered likely in the foreseeable future.

Notwithstanding the impact of Covid-19 and the loss for the year, the group's forecasts and projections based on the current trends in trading, and 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, 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.

#### **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 force during the year and also at the date of approval of the financial statements.

## IB Group Ltd

### Directors' report for the year ended 31 December 2020 (continued)

#### Streamlined energy and carbon reporting ('SECR')

The business is committed to developing policies and initiatives to support the reduction of greenhouse gas emissions.

Energy efficiency and environmental sustainability are considered in all our activities, whether warehousing, depot or office facilities.

#### Methodology

The report follows the GHG Reporting Protocol – Corporate Standard as the accepted methodology to meet the mandatory SECR requirements. This is in combination with information gathered for the fulfilment of Energy Savings Opportunity Scheme (ESOS).

The 2020 UK Government's Greenhouse gas conversion factors have been used to calculate the carbon emissions. We have used the group's annual gross revenue to calculate the intensity ratio.

#### Base Year

Emissions for previous years have not been included as this is the first year of reporting. The emissions will form the baseline for future and retrospective comparisons.

SECR	Year ended 31 December 2020
Emissions from combustion of fuel and operation of facilities (Scope 1)/ tCO <sub>2</sub> e	616 tonnes CO <sub>2</sub> e
Emissions from combustion of fuel for transport purposes by vehicles owned or controlled by the group (Scope 1)/ tCO <sub>2</sub> e	1,871 tonnes CO <sub>2</sub> e
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2)/ tCO <sub>2</sub> e	369 tonnes CO <sub>2</sub> e
Emissions from business travel in rental cars or employee owned vehicles where the group is responsible for purchasing the fuel (Scope 3)/ tCO <sub>2</sub> e	109 tonnes CO <sub>2</sub> e
Total gross emissions/ tCO <sub>2</sub> e	2,965 tonnes CO <sub>2</sub> e
Intensity ratio: tCO <sub>2</sub> e based on £m of gross revenue	19.46 tonnes per £m of revenue

## IB Group Ltd

### Directors' report for the year ended 31 December 2020 (continued)

#### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the group and company 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 the group and of the profit or loss of the company and group 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 and group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group 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 the group 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 and the group'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 and the group'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 undertakings included in the consolidation taken as a whole; and
- the Consolidated Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the board

*Steve Foster*

S Foster  
Director  
30 April 2021

## **Independent auditor's report to the members of IB Group Ltd**

### **Opinion**

We have audited the financial statements of IB Group Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise Consolidated profit and loss account, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement 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 group's and of the parent company's affairs as at 31 December 2020 and of the group's loss 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 group and the parent 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 group's and the parent 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 group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

## **Independent auditor's report to the members of IB Group Ltd (continued)**

### **Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

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

### **Responsibilities of directors for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Independent auditor's report to the members of IB Group Ltd (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.

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.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 group 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 group's board minutes 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 the group'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;
- 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 group operates.

### **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  
30 April 2021

# IB Group Ltd

## Consolidated profit and loss account for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Turnover</b>	3	<b>152,366</b>	167,210
Cost of sales		(110,158)	(124,055)
<b>Gross profit</b>		<b>42,208</b>	43,155
Other operating income	4	1,134	-
Distribution costs		(6,134)	(5,905)
Administrative expenses		(40,385)	(39,359)
<b>Operating loss</b>	4	<b>(3,177)</b>	(2,109)
Interest receivable	7	33	5
Interest payable and similar charges	7	(5,524)	(11,999)
<b>Net interest expense</b>	7	<b>(5,491)</b>	(11,994)
<b>Loss before taxation</b>		<b>(8,668)</b>	(14,103)
Tax on loss	8	(548)	(1,121)
<b>Loss for the financial year</b>		<b>(9,216)</b>	(15,224)

All operations relate to continuing activities.

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 notes on pages 18 to 37 form part of these financial statements.

**IB Group Ltd****Consolidated balance sheet  
as at 31 December 2020**

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	9	72,985	79,495
Tangible assets	10	8,136	8,796
		<b>81,121</b>	<b>88,291</b>
<b>Current assets</b>			
Inventories	12	17,733	18,245
Debtors	13	13,751	15,483
Cash at bank and in hand		8,256	5,772
		<b>39,740</b>	<b>39,500</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(31,143)</b>	<b>(33,829)</b>
<b>Net current assets</b>		<b>8,597</b>	<b>5,671</b>
<b>Total assets less current liabilities</b>		<b>89,718</b>	<b>93,962</b>
Creditors: amounts due after more than one year	15	(42,870)	(37,953)
Provisions for liabilities	17	(60)	(5)
<b>Net assets</b>		<b>46,788</b>	<b>56,004</b>
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Share premium account	18	80,803	80,803
Retained earnings		(34,015)	(24,799)
<b>Total equity</b>		<b>46,788</b>	<b>56,004</b>

The notes on pages 18 to 37 form part of these financial statements.

These financial statements on pages 13 to 37 were approved by the board of directors on 30 April 2021 and were signed on its behalf by:

*Steve Foster*

S Foster  
Director

**IB Group Ltd**

**Registered number: 09990469**



# IB Group Ltd

## Company balance sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Investments	11	-	-
<b>Current assets</b>			
Debtors: amounts falling due in more than one year	13	80,803	80,603
Debtors: amounts falling due in less than one year	13	1,394	1,666
Cash at bank and in hand		-	-
		<b>82,197</b>	<b>82,269</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(244)</b>	<b>(122)</b>
<b>Net current assets</b>		<b>81,953</b>	<b>82,147</b>
<b>Total assets less current liabilities</b>		<b>81,953</b>	<b>82,147</b>
Creditors: amounts falling due after more than one year	15	(159)	(84)
<b>Net assets</b>		<b>81,794</b>	<b>82,063</b>
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Share premium account	18	80,803	80,803
Retained earnings		991	1,260
<b>Total equity</b>		<b>81,794</b>	<b>82,063</b>

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The company recorded a loss for the year of £269,000 (2019: profit of £134,000).

The notes on pages 18 to 37 form part of these financial statements.

These financial statements on pages 13 to 37 were approved by the board of directors on 30 April 2021 and were signed on its behalf by:

*Steve Foster*

S Foster  
Director

# IB Group Ltd

## **Consolidated statement of changes in equity for the year ended 31 December 2020**

	Called up share capital	Share premium account	Retained earnings	Total equity
Consolidated	£'000	£'000	£'000	£'000
As at 1 January 2019	-	-	(9,575)	(9,575)
Loss for the financial year and total comprehensive expense	-	-	(15,224)	(15,224)
On issue of shares	-	80,803	-	80,803
<b>As at 31 December 2019 and 1 January 2020</b>	<b>-</b>	<b>80,803</b>	<b>(24,799)</b>	<b>56,004</b>
Loss for the financial year and total comprehensive expense	-	-	(9,216)	(9,216)
<b>As at 31 December 2020</b>	<b>-</b>	<b>80,803</b>	<b>(34,015)</b>	<b>46,788</b>

## **Company statement of changes in equity for the year ended 31 December 2020**

	Called up share capital	Share premium account	Retained earnings	Total equity
Company	£'000	£'000	£'000	£'000
As at 1 January 2019	-	-	1,126	1,126
Profit for the financial year and total comprehensive income	-	-	134	134
On issue of shares	-	80,803	-	80,803
<b>As at 31 December 2019 and 1 January 2020</b>	<b>-</b>	<b>80,803</b>	<b>1,260</b>	<b>82,063</b>
Loss for the financial year and total comprehensive expense	-	-	(269)	(269)
<b>As at 31 December 2020</b>	<b>-</b>	<b>80,803</b>	<b>991</b>	<b>81,794</b>

The notes on pages 18 to 37 form part of these financial statements.

# IB Group Ltd

## Consolidated cash flow statement for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Net cash from operating activities</b>	22	<b>9,969</b>	3,762
UK corporation tax (paid)/received		(1,386)	76
		<b>8,583</b>	3,838
<b>Cash flow from investing activities</b>			
Interest received		33	5
Purchase of tangible fixed assets		(1,457)	(1,136)
Purchase of intangible fixed assets		(355)	(319)
Proceeds from disposal of tangible fixed assets		1,371	94
<b>Net cash utilised in investing activities</b>		<b>(408)</b>	(1,356)
<b>Financing</b>			
Interest paid		(591)	(488)
Loans advanced		7,500	-
Loan repaid		(1,000)	-
Revolving facility repaid		(11,600)	(200)
<b>Net cash utilised by financing activities</b>		<b>(5,691)</b>	(688)
<b>Increase in cash in the financial year</b>		<b>2,484</b>	1,794

The reconciliation of net debt is shown in note 23.

### Non-cash movements

The principal non-cash changes in 2019 were the issue of new shares by capitalisation of loans advanced for £80,803,000. Other non-cash changes were amortisation of issue costs within interest payable of £965,000 (2019: £984,000) in the year and £3,976,000 (2019: £10,500,000) of interest rolled up into the loans.

The notes on pages 18 to 37 form part of these financial statements.

## **IB Group Ltd**

### **Notes to the financial statements for the year ended 31 December 2020**

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

IB Group Limited ("the company") and its subsidiaries (together "the Group") operate a wholesale confectionery business through a national network of cash and carry depots, a bulk direct distribution service and online.

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

##### **Statement of compliance**

The Group and individual financial statements of IB Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "the Financial Reporting Standard 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 consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These consolidated and separate 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. The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and company 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 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 major recapitalisation of the loans and deferral of interest on the remaining debt held by shareholders was made in December 2019. In 2020 the group has drawn down new government backed loans of a net £6.5m, rolled up senior debt interest payments and the existing working capital facility remains in place.

Notwithstanding the impact of Covid-19 and the loss for the year, the group's forecasts and projections, 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 and the directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

##### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. 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, included in these financial statements, includes the company's cash flows;
- 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
- The company is exempt from disclosing related party transactions with other companies that are wholly owned within the Group.

## IB Group Ltd

### Notes to the financial statements for the year ended 31 December 2020 (continued)

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

##### **Basis of consolidation**

The consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 31 December. All subsidiaries have the same accounting policies as the Company.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change in significant influence respectively. Where control of a subsidiary is lost, the gain or loss on disposal is recognised in the consolidated profit and loss account.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on the transactions.

On 17 March 2016, there was a group reorganisation whereby 100% of the shares in Innovative Bites Ltd were exchanged for all the shares in IB Group Ltd with no change in control and therefore merger accounting was used for this transaction. The investment was recorded in the company's balance sheet at the nominal value of the shares issued.

##### **Foreign currency**

The Group financial statements are presented in pound sterling and rounded to thousands. The company's functional currency and presentation currency is pound sterling.

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.

##### **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. Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is amortised through the profit and loss account over its estimated useful economic life reflecting the product range, nature and customer bases acquired. This is considered to be a period of 10 years for the Bonds acquisition made in 2016 and 15 years for the Hancocks acquisition made in 2017.

##### **Other intangible fixed assets**

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition and the asset is capable of being separately sold or licensed. Intangible assets acquired as part of an acquisition are not recognised where they cannot be sold or realised separately from the trading activity. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

## IB Group Ltd

### Notes to the financial statements for the year ended 31 December 2020 (continued)

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

##### Other intangible fixed assets (continued)

Software costs are costs directly attributable to the acquisition of IT technologies in the year. These are capitalised within intangible assets and amortised over a similar life to other computer equipment of four years.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives.

##### 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:

Freehold and long leasehold buildings	50 years or period of the lease if shorter
Plant and machinery	2-10 years

Freehold land is not depreciated.

##### Impairment

Intangible and tangible fixed 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.

##### Investments

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

##### Inventories

Inventories 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 inventory.

##### 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 assets 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 asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

# **IB Group Ltd**

## **Notes to the financial statements for the year ended 31 December 2020 (continued)**

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

#### **Financial instruments (continued)**

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 transaction is measured at the present value of the future payments discounted at a market rate of interest.

Borrowings are initially stated at the fair value of the consideration received after deduction of wholly attributable issue costs. Issue costs are amortised to the profit and loss account over the estimated life of the relevant borrowings.

The group and company do 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 group utilises forward exchange contracts to mitigate the risk of adverse exchange rate movements on foreign currency denominated inventory purchases. The group also utilises interest cap arrangements to manage interest rate exposures. These derivatives are measured at the fair market value, at the balance sheet date, with the fair value gain or loss movements arising being recognised within cost of sales and financing costs in the profit and loss account.

#### **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.

#### **Grant income**

Other operating income is recognised when the right to receive payment is established. Income in respect of government grants including furlough related amounts is recognised in other operating income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions.

#### **Customer rebates**

Customer rebates are recognised as a reduction in the associated sales value 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.

#### **Supplier rebates**

Supplier rebates are recognised when earned and accounted for as a reduction in raw materials and consumable costs. When appropriate, amounts receivable which relate to stocks are reflected within the carrying value of stocks.

#### **Operating leases**

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

Dilapidation liabilities that arise under the terms of property lease agreements are accrued within the period of the lease as the property falls below the original state of repair and obligations to repair or replace elements are incurred.

## **IB Group Ltd**

### **Notes to the financial statements for the year ended 31 December 2020 (continued)**

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

##### **Distribution costs**

The costs of delivery to customers are presented in distribution costs in accordance with the group accounting policies.

##### **Pensions**

The group operates a 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.

##### **Exceptional expenses**

The group classifies certain one-off charges or credits that have a material impact on the financial results, as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

##### **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. The share premium account represents the difference between the called up amount and the nominal value of share capital.

##### **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 group'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 group 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.

#### **2 Critical accounting judgements and estimation uncertainty**

The company and group make a 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.

##### **Useful economic lives of tangible and intangible fixed assets**

The annual depreciation or amortisation charge for tangible and intangible fixed 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 estimates, based on technological advancement, market changes, future investments, economic utilisation and the physical condition of the tangible assets.



# IB Group Ltd

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 2 Critical accounting judgements and estimation uncertainty (continued)

#### Impairment of intangible assets and goodwill

The group considers whether intangible and tangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable values requires estimation of the recoverable value of the cash generating units (CGU's). Each individual subsidiary is considered to be a separate CGU for the purposes of this review. This requires estimation of future cash flows from the CGU's and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

#### Inventory provision

The group is a national 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 12 for the net carrying amount of the inventory and associated provision.

#### Taxation

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

#### Complex customer and supplier arrangements

As part of the normal course of business, the group has entered into arrangements with customers whereby retrospective discounts are applied to invoiced sales, based upon the achievement of certain criteria by the group'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 the 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 to which the claim relates in line with industry practice.

There are similarly rebate arrangements with suppliers whereby retrospective discounts are applied to purchases made, based upon the achievement of certain criteria agreed with suppliers. The criteria behind each agreement can vary and is often dependent upon the purchase levels in the defined periods. An estimation of the likely amounts to be received is made, included in debtors and reviewed at the end of each reporting period.

### 3 Turnover

Turnover by destination is analysed as follows:	<b>2020</b>	2019
	<b>£'000</b>	£'000
Within the UK	<b>144,853</b>	158,885
Overseas markets including Republic of Ireland	<b>7,513</b>	8,325
	<b>152,366</b>	167,210

All turnover relates to the sale of goods through wholesale distribution.

## IB Group Ltd

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 4 Operating loss

Operating loss is stated after charging/(crediting):	<b>2020</b>	2019
	<b>£'000</b>	£'000
In other operating income:		
Government job retention scheme grant income	<b>(1,134)</b>	-
Wages and salaries	<b>15,596</b>	16,412
Social security costs	<b>1,649</b>	1,557
Other pension costs	<b>576</b>	531
<b>Total staff costs</b>	<b>17,821</b>	18,500
Profit on disposal of tangible assets	<b>(732)</b>	(3)
Inventory write offs	<b>48</b>	-
Depreciation of tangible assets	<b>1,478</b>	1,516
Amortisation of goodwill	<b>6,764</b>	6,763
Amortisation of other intangible assets	<b>101</b>	111
Operating lease charges – plant and equipment	<b>701</b>	726
Operating lease charges - other	<b>2,193</b>	2,454
Foreign exchange losses	<b>229</b>	75
Bad debt expense write offs	<b>396</b>	139
Exceptional VAT settlement and costs	-	600
Exceptional restructuring and financing related expenses	<b>3,121</b>	606
Fees payable to auditor for the audit of the parent company and consolidated financial statements	<b>17</b>	22
Fees payable to the company's auditor for other services:		
The audit of the Company's subsidiaries	<b>100</b>	100

The 2020 exceptional costs relate to the restructuring required by the pandemic including redundancies and the property rationalisation costs related to a more centralised distribution model of £3.1m (2019: £0.6m in respect of a VAT ruling impacting historical sales of specific products and £0.6m of severance and restructuring expenses). This also resulted in an exceptional gain on disposal of a property of £0.7m.

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 2020. 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 9 December 2020.

# IB Group Ltd

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 5 Directors' emoluments

	2020 £'000	2019 £'000
Aggregate directors' remuneration	528	603
Company contributions to money purchase pension scheme	24	30
Compensation for loss of office	-	80
	552	713
Highest paid director's remuneration	168	169
Company contributions to money purchase pension scheme in respect of highest paid director	9	9
Numbers of directors who are members of money purchase pension scheme	3	4

### 6 Staff numbers

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

	2020 Number	2019 Number
Management and administration	147	152
Sales and distribution	449	499
	596	651

The company has no employees, other than the directors who were paid by a subsidiary company.

### 7 Net interest expense

	2020 £'000	2019 £'000
Other interest receivable	33	5
<b>Interest receivable</b>	<b>33</b>	<b>5</b>
Bank interest payable and similar charges	(4,584)	(10,988)
Other loan interest payable	(75)	(27)
Amortisation of loan issue costs	(865)	(984)
<b>Interest payable and similar charges</b>	<b>(5,524)</b>	<b>(11,999)</b>
<b>Net interest expense</b>	<b>(5,491)</b>	<b>(11,994)</b>

The amortisation of loan issue costs is a non-cash charge together with £4.0m (2019: £10.5m) of the interest payable rolled up into the loan in the year (see note 15).

## IB Group Ltd

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 8 Tax on loss

	2020 £'000	2019 £'000
<b>Current tax:</b>		
UK corporation tax on loss for the financial year	304	500
Adjustments in respect of prior periods	189	509
<b>Total current tax</b>	<b>493</b>	<b>1,009</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	38	99
Adjustments in respect of prior periods	17	13
<b>Total deferred taxation (note 17)</b>	<b>55</b>	<b>112</b>
<b>Total tax on loss</b>	<b>548</b>	<b>1,121</b>

The tax charge for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained as follows:

	2020 £'000	2019 £'000
Loss before taxation	(8,668)	(14,103)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(1,647)	(2,680)
Effects of:		
Goodwill amortisation not deductible	1,284	1,284
Expenditure including interest not deductible for tax purposes	839	2,005
Property disposal gain offset by capital losses	(139)	-
Adjustments in respect of prior periods	206	522
Tax rate differences	5	(10)
<b>Total tax charge</b>	<b>548</b>	<b>1,121</b>

The 2019 prior year corporation tax charge arose primarily from a revised interest deduction assessed for the final tax computations.

The Finance Act 2016 included legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. A change to the main rate of corporation tax announced in the 2020 Budget was substantively enacted on 17 March 2020. The rate from 1 April 2020 remains at 19% rather than the previously enacted reduction to 17% and is therefore applied to deferred taxation balances at 31 December 2020 (2019: 17%).

In March 2021 it was announced that the rate of corporation tax is expected to increase to 25% from April 2023 and the potential impact on deferred tax liabilities of £19,000 is not recognised.

# IB Group Ltd

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 9 Intangible fixed assets

#### Group

	Software costs	Licences and trademarks	Goodwill	Total
Cost	£'000	£'000	£'000	£'000
At 1 January 2020	627	130	98,270	99,027
Additions	355	-	-	355
<b>At 31 December 2020</b>	<b>982</b>	<b>130</b>	<b>98,270</b>	<b>99,382</b>
<b>Accumulated amortisation</b>				
At 1 January 2020	242	74	19,216	19,532
Charge for the year	87	14	6,764	6,865
<b>At 31 December 2020</b>	<b>329</b>	<b>88</b>	<b>25,980</b>	<b>26,397</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>653</b>	<b>42</b>	<b>72,290</b>	<b>72,985</b>
At 31 December 2019	385	56	79,054	79,495

£6,358,000 of the cost of goodwill relates to the acquisition of Bonds Confectionery Limited and £91,912,000 to the acquisition of Hancocks Topco Limited.

The company has no intangible assets (2019: £nil).

# IB Group Ltd

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 10 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold property £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At 1 January 2020	5,433	1,160	7,630	14,223
Additions	-	-	1,457	1,457
Disposals	(607)	-	(116)	(723)
<b>At 31 December 2020</b>	<b>4,826</b>	<b>1,160</b>	<b>8,971</b>	<b>14,957</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	314	221	4,892	5,427
Charge for the year	111	67	1,300	1,478
Disposals	(42)	-	(42)	(84)
<b>At 31 December 2020</b>	<b>383</b>	<b>288</b>	<b>6,150</b>	<b>6,821</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>4,443</b>	<b>872</b>	<b>2,821</b>	<b>8,136</b>
At 31 December 2019	5,119	939	2,738	8,796

The net book value of land included in freehold land and buildings was £1,162,000 (2019: £1,462,000).

# IB Group Ltd

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 11 Investments

Company			Shares in group undertakings
Cost and net book value			£000
As at 1 January and 31 December 2020			-
Subsidiary undertakings	Principal activity	Class of shares held	% share holding
IB Midco Ltd*	Intermediate holding company	Ordinary	100%
Innovative Bites Limited	Confectionery and grocery	Ordinary	100%
Bonds Confectionery Limited	Dormant entity	Ordinary	100%
Confectionery Direct UK Limited	Dormant entity	Ordinary	100%
Hancocks Topco Limited	Intermediate holding company	Ordinary	100%
Hancocks Midco Limited	Intermediate holding company	Ordinary	100%
Hancocks Acquisition Limited	Intermediate holding company	Ordinary	100%
UK Sweets Limited	Confectionery, wholesale and retail	Ordinary	100%
Hancocks Group Holdings Limited	Intermediate holding company	Ordinary	100%
Hancocks Holdings Limited	Management services	Ordinary	100%
Hancock Cash & Carry Limited	Confectionery cash and carry	Ordinary	100%
World of Sweets Limited	Confectionery wholesale	Ordinary	100%
Hubpix Limited	Software development	Ordinary	100%
Bobby's Acquisition Limited	Intermediate holding company	Ordinary	100%
Bobby's Foods Limited	Wholesale food and confectionery	Ordinary	100%
Bobby's Foods Northern Limited	Dormant	Ordinary	100%
Bobby's Foods Midlands Limited	Dormant	Ordinary	100%
Bobby's Foods Scotland Limited	Dormant	Ordinary	100%
Bobby's Foods Southern Limited	Dormant	Ordinary	100%
Bobby's Foods South Wales Limited	Dormant	Ordinary	100%
Bobby's Foods North East Limited	Dormant	Ordinary	100%
Bobby's Foods North West Limited	Dormant	Ordinary	100%
Bobby's Foods South East Limited	Dormant	Ordinary	100%
Bobby's Foods North London Limited	Dormant	Ordinary	100%
Bobby's Foods East Anglia Limited	Dormant	Ordinary	100%
Bobby's Foods South West Limited	Dormant	Ordinary	100%

\* indicates direct holding, all other subsidiaries are held indirectly. The trade of all the regional Bobby's Foods subsidiary companies was transferred into Bobby's Foods Limited during the year.

## IB Group Ltd

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 11 Investments (continued)

All the above companies have been consolidated in these financial statements. The companies are all registered in England and Wales with a registered office at 25 Jubilee Drive, Loughborough, Leicestershire, LE11 5TX.

The group agrees to guarantee the liabilities of IB Midco Ltd (10733059), Hubpix Limited (11652302), Hancocks Holdings Limited (02884267) and UK Sweets Limited (07399891) thereby allowing them to take exemption from having an audit under section 479A of the Companies Act 2006.

#### 12 Inventories

Group	2020	2019
	£'000	£'000
Finished goods	17,733	18,245

There is no significant difference between the replacement cost of the inventory and its carrying amount. Inventories are stated after provisions for impairment of £232,000 (2019: £184,000).

The company has no inventories (2019: £nil).

#### 13 Debtors

Group	2020	2019
	£'000	£'000
Trade debtors	11,014	13,603
Corporation tax recoverable	537	537
Other debtors, prepayments and accrued income	2,200	1,343
	13,751	15,483

Trade debtors are stated after provisions for impairment of £393,000 (2019: £282,000).

Company	2020	2019
	£'000	£'000
<b>Amounts falling due in more than one year:</b>		
Amounts owed by group undertakings (see below)	80,803	80,603
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	1,279	1,659
Corporation tax recoverable	70	-
Other debtors	45	7
	1,394	82,269

£80,803,000 (2019: £80,603,000) owed by a subsidiary company bore interest at 8.5% over LIBOR (waived for 2020) and is repayable on 7 October 2023. Other amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.



# **IB Group Ltd**

## **Notes to the financial statements for the year ended 31 December 2020 (continued)**

### **14 Creditors: amounts falling due within one year**

<b>Group</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts (note 15)	<b>8,500</b>	13,600
Trade creditors	<b>13,654</b>	12,692
Other taxation and social security	<b>3,282</b>	1,571
Corporation tax	<b>406</b>	1,299
Other creditors	<b>213</b>	297
Accruals and deferred income	<b>5,088</b>	4,370
	<b>31,143</b>	33,829
<hr/>		
<b>Company</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>3</b>	19
Amounts owed to group undertakings	<b>169</b>	102
Other taxation and social security	<b>72</b>	-
Accruals and deferred income	<b>-</b>	1
	<b>244</b>	122

## IB Group Ltd

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 15 Creditors: amounts falling due after more than one year

Group	2020	2019
	£'000	£'000
<b>Amounts falling due between one and five years</b>		
Bank loans (see below)	42,711	37,869
<b>Amounts falling due after five years</b>		
Other loans (see below)	159	84
	<b>42,870</b>	<b>37,953</b>

The bank loans of £42,711,000 (2019: £37,869,000) are stated net of unamortised issue costs of £1,591,000 (2019: £2,456,000). In September 2018, the loan was split into two tranches with interest not payable on a senior debt tranche until 2022 and interest on the other equal tranche to be rolled up until maturity.

The loans continue to bear interest at 8.5% over LIBOR with the senior loan repayable in full on 12 April 2022 and the PIK loan on 7 October 2023. There was an interest rate cap in place with interest on £70.5m of the loan capped at 2% for LIBOR until January 2021.

A CBILS loan of £6,500,000 was drawn down during the year and is repayable in 2021.

The group's financing facility includes a revolving credit facility of £15,000,000 to cover working capital and liquidity commitments of which £2,000,000 (2019: £13,600,000) was utilised at 31 December 2020. Interest is charged at LIBOR plus 3.25% on the drawn-down amount. A commitment fee of 1.3% is charged on the undrawn amount. This facility is utilised by the subsidiary company Innovative Bites Ltd.

Bank loans and overdraft facilities are secured by fixed and floating charges over the group's assets together with cross guarantees between all group companies with the revolving credit facility holding a priority charge.

Company	2020	2019
	£'000	£'000
<b>Amounts falling due after five years</b>		
Other loans (see below)	159	84

The company executed a capital reduction of £1,600,000 in 2018 in respect of the shares held by key management members and the associated share premium account. The shares were cancelled and the holders of these shares were issued with unsecured loan notes which have a redemption value in December 2026 of £1,600,000. The estimated discounted fair value at inception of £50,000 was included in other loans together and £1,550,000 was taken to profit and loss reserves (but is non distributable). Interest of £75,000 (2010: £34,000) arises from the unwinding of the discounted amount.

# IB Group Ltd

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 16 Financial instruments

<b>Group financial assets</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
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Financial assets measured at amortised cost:

Cash	<b>8,256</b>	5,772
Trade debtors	<b>11,014</b>	13,603
Other debtors	<b>1,388</b>	361
	<b>20,658</b>	19,736

The group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables and payables, with a derivate asset of £nil recognised at 31 December 2020 (2019: asset of £nil).

<b>Financial liabilities</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
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Financial liabilities measured at amortised cost:

Trade creditors	<b>13,654</b>	12,692
Other creditors	<b>213</b>	297
Accruals	<b>5,088</b>	4,370
Overdrafts	<b>2,000</b>	13,600
Loans	<b>49,370</b>	37,953
	<b>70,325</b>	68,912

# IB Group Ltd

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 17 Provisions for liabilities

Deferred taxation liability	£'000
At 1 January 2020	(5)
Profit and loss account (note 8)	(55)
<b>At 31 December 2020</b>	<b>(60)</b>

The deferred tax asset recognised in the financial statements is as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	(88)	(22)
Other timing differences	28	17
<b>Deferred tax liability</b>	<b>(60)</b>	<b>(5)</b>

As at 31 December 2020 the group has an unrecognised deferred tax asset of approximately £500,000 (2019: £600,000) which relates to capital losses on property. The deferred tax asset has not been recognised due to insufficient evidence that the amount will be utilisable in the foreseeable future. Deferred tax has been calculated at 19% (2019: 17%).

The company has no deferred tax asset or liability.

### 18 Called up share capital

Group and company	2020 £	2019 £
Allotted and fully paid		
1,457,131 ordinary shares of £0.0001 each	146	146
10 A ordinary shares of £0.0001 each	-	-
60,713 B ordinary shares of £0.0001 each	6	6
108,420 C ordinary shares of £0.0001 each	11	11
25,000,000 preferred ordinary shares of £0.0000001 each	3	3
	<b>166</b>	<b>166</b>

The A, B and C ordinary shares and the preferred ordinary shares are non-voting and entitled only to a distribution in accordance with the Articles on a return of capital. In particular, the A ordinary shares have rights to the first £1.6m and the preferred ordinary shares to the next £25m.

## IB Group Ltd

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 19 Capital and other commitments

The group had the following future minimum lease payments under non-cancellable operating leases in respect of property and plant for each of the following periods:

Payment due date	2020 £'000	2019 £'000
Not later than one year	2,615	2,487
Later than one year and not later than five years	5,603	4,522
Later than five years	4,251	4,716
	<b>12,469</b>	<b>11,725</b>

The company had no operating lease commitments (2019: £nil). The group and company had capital commitments of £nil at 31 December 2020 (2019: £nil).

#### 20 Contingent liabilities

The company has given cross guarantees in respect of £52.8m (2019: £53.9m) of subsidiary company borrowings.

#### 21 Pension scheme

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group, being invested with an insurance company.

Total pension costs during the year amounted to £576,000 (2019: £531,000). Contributions of £82,000 (2019: £104,000) were included in creditors at 31 December 2020.

# **IB Group Ltd**

## **Notes to the financial statements for the year ended 31 December 2020 (continued)**

### **22 Net cash inflow**

Reconciliation of loss for the financial year to net cash inflow from operating activities:

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Loss for the financial year	<b>(9,216)</b>	<b>(15,224)</b>
Adjustment for:		
Tax on loss	<b>548</b>	<b>1,121</b>
Net interest expense	<b>5,491</b>	<b>11,994</b>
Operating loss	<b>(3,177)</b>	<b>(2,109)</b>
Depreciation of tangible fixed assets	<b>1,478</b>	<b>1,516</b>
Amortisation of intangible fixed assets	<b>6,865</b>	<b>6,874</b>
(Profit) on sale of tangible fixed assets	<b>(732)</b>	<b>(3)</b>
Working capital movements:		
Decrease in inventories	<b>512</b>	<b>955</b>
Decrease in debtors	<b>1,732</b>	<b>1,651</b>
Increase/(decrease) in creditors	<b>3,291</b>	<b>(5,122)</b>
<b>Net cash inflow from operating activities</b>	<b>9,969</b>	<b>3,762</b>

## IB Group Ltd

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 23 Reconciliation of net debt

	At 1 January 2020	Cash flow	Non cash changes	At 31 December 2020
	£'000	£'000	£'000	£'000
Cash	5,772	2,484	-	8,256
Revolving credit facility	(13,600)	11,600	-	(2,000)
Bank loans	(37,869)	(6,500)	(4,842)	(49,211)
Other loans	(84)	-	(75)	(159)
<b>Net debt</b>	<b>(45,781)</b>	<b>7,584</b>	<b>(4,917)</b>	<b>(43,114)</b>

The non cash changes comprised £4.0m of interest rolled up and £0.9m amortisation of loan issue costs.

#### 24 Related party transactions, ultimate parent company and controlling parties

The immediate and ultimate parent company as of 31 December 2020 was IB Topco Ltd, registered in England and Wales. Sculptor Capital Management Europe Limited manages the interests of the private investing funds, which control the majority of the shares in IB Topco Ltd and which hold the loan notes amounting to £44,301,000 as of 31 December 2020 (2019: £40,325,000). Interest of £3,976,000 (2019: £10,500,000) accrued on these during the year which was all rolled up into the loans.

Key management comprises the directors of the company and of the subsidiaries. The compensation of key management for their employee services including pension contributions was £734,000 (2019: £1,074,000).

Other than the transactions disclosed above other related party transactions were with wholly owned subsidiaries and so, in accordance with the exemption in FRS102 Section 33.1A, have not been disclosed.