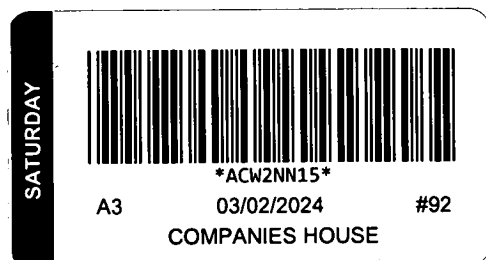


Robert McBride Ltd

Annual report and financial statements

Registered number 220175

30 June 2023



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Strategic report

The Directors present their Strategic report for Robert McBride Ltd (“the Company”) for the year ended 30 June 2023.

Review of the business

Performance overview

The two main activities of the Company are as a manufacturer of household and professional cleaning products, and as a management company, recharging a proportion of central overhead costs to other companies in the Group.

Turnover increased by 24.8% compared to 2022, mainly due to the recovery of rising input costs through price increases passed on to retailers and a contract win.

Operating loss was £10,854,000 compared with a loss of £21,576,000 in 2022. Adjusted operating loss was £10,795,000 compared with a loss of £21,509,000 in 2022.

Adjusted operating loss can be reconciled to operating loss as follows:

	2023			2022		
	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Operating (loss)/profit	(10,835)	(19)	(10,854)	(22,692)	1,116	(21,576)
Adjusted for:						
Exceptional items	41	18	59	1,139	(1,072)	67
Adjusted operating (loss)/profit	(10,794)	(1)	(10,795)	(21,553)	44	(21,509)

Adjusted operating loss decreased to a loss of £10,795,000 primarily due to increased turnover.

Net finance costs decreased to £1,354,000 from £1,393,000 in 2022 due to the impact of favourable exchange rates on the translation of non-GBP loan and trading balances.

Inflationary environment

As expected, inflation remained a major challenge throughout the year, with the impact increasingly being from labour and energy costs, with chemicals and packaging costs more benign. Energy cost inflation remains an unpredictable factor, however, McBride’s own energy costs are fully hedged, with the principal risk to McBride being the indirect impact of energy in its core raw material supplies. While inflation presented significant challenges, it led to an important opportunity to consider how our pricing approach to customers is best managed. The Group has persisted this past year with the principle of not committing pricing to customers beyond three months. With the ongoing potential for significant volatility in input costs, this principle has enabled divisions to respond more effectively and quickly to shifts in the macroeconomic environment. Through our data led approach, our teams can now clearly demonstrate the dynamics behind the decision making, allowing teams to engage with customers and move pricing in a collaborative, flexible manner.

Strategic progress

While the volatile macroeconomic environment forced the business to focus on the short term in the years following the 2021 strategy reset, the Board is confident that our Compass strategy remains as relevant and compelling as it did when it was first announced. The business has made significant progress in the year to 30 June 2023, putting in place many of the processes and plans that will set us on the path to long-term, sustainable growth. Importantly, we are committed to delivering all programmes set out in our Transformation agenda.

We have made a substantial investment, including creating a standalone team to ensure each programme is adequately resourced. In particular, the progression of our SAP programme, in combination with the Commercial Excellence and Service Excellence programmes, will be key factors in differentiating McBride in the market, improving business momentum and generating shareholder value.

Strategic report *(continued)*

Review of the business *(continued)*

Sustainability

McBride remains committed to playing its part in the path to Net Zero and acting in a responsible manner across its operations. In 2023, we established our targets for our Scope 1 and 2 emissions, whereby we will reduce these emissions by 55% by 2033. We expect to finalise our Scope 3 targets by the end of December 2023.

Current trading and outlook

The first five months of the new financial year have seen the momentum of last year's second half continue. However, our teams remain vigilant to safeguard the business from short-term challenges arising from a still volatile macro environment and we will continue to focus on reducing debt and maintaining tight control of costs. We enter the 2024 financial year with improving confidence about the future. Our performance improvement momentum, the work done to pursue our Compass strategies, the gathering pace of our Transformation agenda and our leadership positions across many of our markets and categories, mean McBride is well placed to deliver sustainable, profitable growth over the longer term.

Key performance indicators

The Company uses a number of key performance indicators (KPIs) to measure its performance and progress against its strategic objectives. The most important of these KPIs at the company level focus on the two key areas of customer service and labour cost/turnover.

Customer service

Customer service remains one of our main operational priorities and is a key driver supporting the Company's growth strategy. Performance in this area is assessed using a range of customer service measures tailored to each customer requirement. External customer service level for the year was 98.7% (2022: 98.1%).

Labour cost/turnover

The labour cost/turnover ratio of the Company has decreased due to headcount reducing by more than revenue.

	2023	2022	Change
	%	%	%
Labour cost/turnover (%)	13.5	15.9	2.4

Balance sheet

Overall, the pension deficit for the UK scheme increased in the year to £24,680,000 from £14,284,000 at the end of the previous year.

Net liabilities at 30 June 2023 amounted to £5,233,000 (2022: net assets of £14,747,000). The year-on-year decrease in net assets resulted primarily from the increase in pension liability and loss in the financial year.

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties

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

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

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

Where the comments below in relation to financing risks reference the Group, this is deemed relevant to the Company, as Robert McBride Ltd is a wholly owned subsidiary of McBride plc and a guarantor within the main financing agreement.

Financing risks		
Financing risks, affecting liquidity and funding, could threaten the ongoing viability of the Group.		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • Financing risk covers the risk of a deterioration in profitability and its knock-on/resultant potential negative impact upon liquidity • In 2022, an inability to offset in a timely manner the significant input cost inflation by raising prices had resulted in a deterioration of the Group's profitability and liquidity. • Not achieving the required levels of profitability and cash flows increases the risk that banking facilities may be withdrawn due to breach of banking covenants. 	<ul style="list-style-type: none"> • A robust and reliable input cost forecasting process designed to equip the Group with forward visibility of both the direction and magnitude of input cost evolution. • Divisional Managing Directors are accountable for maintaining gross margins through cost saving product redesigns and/or cost price increases agreed with customers. • A comprehensive governance process of divisional performance reviews is in place to monitor actual performance versus pricing and financial targets. This includes the Executive Committee's weekly review of key operational and financial performance metrics, meaning that risks can be identified and mitigating actions agreed in a timely manner. • A detailed and accurate weekly cash, debt and liquidity forecasting process. 	<ul style="list-style-type: none"> • On 29 September 2022, McBride announced that it had agreed an amended RCF with its lender group, ensuring the Group has sufficient levels of liquidity headroom and can comply with revised covenant requirements. • The return to profitability in 2023, driven by sales volume increases and margin improvement actions agreed with our customers, continued focus on cash management, and the extension of invoice discounting facilities to unencumbered sales ledgers, has driven improved liquidity. At 30 June 2023, liquidity of £59.3 million is significantly above the £15.0 million minimum liquidity covenant required by the lender group.

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties (continued)

Supply chain resilience		
Raw materials remain a significant proportion of our total product costs. As a result of this, the volatility of the global commodities market continues to remain a key underlying risk.		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • Global supply chains remain imbalanced in many areas as the downturn in global demand driven by recessionary concerns was met with a downturn in production across a large spectrum of key commodities. • The current market volatility could create uncertainty over forward input price inflation, thus restricting the Group's ability to implement plans for recovery through pricing initiatives. • The trend of some customers moving to a more transactional approach to relationship management leading to lengthy and prolonged discussions on the implementation of the required pricing actions. This has the potential to have a substantive impact on the Group's profitability. • An over-reliance on any one supplier could pose a significant business interruption risk to the Group. 	<ul style="list-style-type: none"> • Our Group Purchasing function is appropriately resourced with a high level of market and industry knowledge, thereby providing the ability to spot market trends and developments. • Strong and long-standing supplier relationships that allow McBride to leverage scale and push for prioritisation in times of material shortages. • A robust and reliable input cost forecasting process is in place, designed to equip the Group with forward visibility of both the direction and magnitude of input cost evolution, along with a well-structured and controlled information flow through the supply chain into the divisional Commercial teams to help their pricing plans and actions. • We have clearly defined account plans across our customer base to ensure that we create the appropriate engagement, at the right level and at the right time. • A clearly defined set of corporate goals is in place, underpinned by specific metrics and targets, with well-articulated plans to achieve them, that are shared with our customers. • We apply a robust and highly effective risk management approach using set criteria to identify supply risks and ultimately drive corrective actions. 	<ul style="list-style-type: none"> • We have an increased level of access to market intelligence and data, coupled with a clearly defined training pipeline. • Our well-structured and effective monthly forecasting cycle equips the business with ongoing insights into input cost evolution and forward outlooks. • KRIs are embedded, allowing us to monitor progress and drive appropriate and proportionate action, where necessary. • We have an appropriate level of focus on contractual cover, with closer alignment between the Group Purchasing, Commercial and Legal functions. • McBride already has a set of published sustainability targets which are monitored on a regular basis and has started on the Task Force on Climate-related Financial Disclosures (TCFD) reporting journey to drive further improvements in this area.

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties (continued)

Changing market, customer and consumer dynamics High levels of inflation across Europe are driving a fundamental change in consumer behaviour. Branders are taking action to protect against volume loss as consumers are attracted to the lower cost offerings of private label. As private label volume grows, it becomes increasingly attractive for potential new players to the industry		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • With inflation recently running at levels not seen for a generation and consumer finances stretched to breaking point, branders may decide to enter/re-enter, the private label market to capture some of the branded sales they have lost. • Inability to improve the appreciation of all elements of our value proposition other than price. This is particularly relevant during periods of economic slowdown, and declining consumer consumption, when key players attempt to hold on to volumes. • The lack of growth in the market increases free capacity and intensifies competition further. This could lead to greater brander discounting, stronger retailer pressure on supplier margins and a squeeze on the role private label plays. • Key international retailers face significant pressure to be the backstop of grocery inflation and therefore drive an aggressive approach to tendering and pricing, moving further towards a transactional price-led relationship. • Despite a fragile competitor set, retailers continue to demand high levels of CSL, with failure to deliver jeopardising our reputation and sales performance. • The razor-sharp focus on value engineering creates a risk that innovation becomes de-prioritised, risking medium-term profitable sales growth. 	<ul style="list-style-type: none"> • Our focused Commercial team has in-depth knowledge of the markets within which we operate. • We have an agile approach to product portfolio management that responds to changes in consumer needs. • We have a rolling five-year strategic plan, which is reviewed on an annual basis, to balance capital allocation between developing new initiatives and supporting existing business. • We have strengthened partnerships, with key retailers to avoid one-dimensional discussions solely focused on price, moving the discussion to the full value-add that McBride brings. 	<ul style="list-style-type: none"> • A centralised approach to market data and insights provides us with visibility of trends and developments across our markets, allowing informed decision-making and focused strategic plans. • A focused R&D ethos towards cost saving and sustainability – working closely with our supplier base to achieve speed to market. • The ESG Group has made progress in measuring the Group’s environmental impact and setting appropriate targets to support ongoing business performance and growth. • We have demonstrated resilience and agility in assisting retailers where they have had disruptions in supply as a result of competitors’ financial and operational difficulties. • We have widened our supplier network across both direct and indirect categories in order to ensure reliable supply at highly competitive price levels. • All divisions and Group functions have clear cost-saving targets enabled by continued investment in business processes.

Strategic report *(continued)*

Review of the business *(continued)*

Principal risks, financial risks and uncertainties (continued)

Changing market, customer and consumer dynamics <i>(continued)</i>		
High levels of inflation across Europe are driving a fundamental change in consumer behaviour. Branders are taking action to protect against volume loss as consumers are attracted to the lower cost offerings of private label. As private label volume grows, it becomes increasingly attractive for potential new players to the industry		
<i>Risk impact</i>	<i>Mitigation</i>	<i>Key developments</i>
<ul style="list-style-type: none"> • Sustainability remains high on the retailers' agenda, with an increased focus on the environmental credentials of our products. 		

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties (continued)

Disruption to systems and processes		
<p>Reliability, availability and security of our business systems and processes continue to be a focus area to avoid business disruption. Availability of core systems is targeted, as a minimum, to be at the levels required to maintain the day-to-day operations of the business. The risk has increased due to an escalation in the number of external cyber attacks in the public domain and elevated threat levels globally, particularly from rogue nation states, combined with increasing use of artificial intelligence as an aid to attacks. This increasing risk trend is expected to continue for the foreseeable future.</p>		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • Loss of key and sensitive business data as a result of security breaches, external hacking and/or cyber attacks. • The loss of data or the inability to obtain data – due to issues with physical storage (e.g. data destruction), logical storage (e.g. deletion) and data corruption (e.g. software errors). • Physical damage to key computer equipment e.g. due to fire, theft, flood, malicious damage, etc. which would lead to disruption at a location which hosts critical IT services. • Internet disruption affecting access to our core systems and operations. • Underinvesting in Information Technology (IT) leads to outdated technologies with weak IT General Controls (ITGCs), potentially leading to increased overhead mitigation costs, a higher risk of cyber attack, loss of key data, failure to adequately harness digitalisation and significant business disruption. • Failure to implement a new ERP system would disrupt our operations and our ability to serve customers. 	<ul style="list-style-type: none"> • We continually review and invest in security policies, controls and technologies to protect commercial and sensitive data. • Continued monitoring of developments in cyber security, which include engaging with third-party penetration testers and other specialists, where appropriate. • Ongoing hardware and software refreshes and upgrade programmes are conducted, ensuring performance can be monitored, and systems and technologies adequately supported to combat against any potential loss of data and/or cyber attacks. • Formal disaster recovery planning is undertaken, to ensure critical systems have a clear plan for recovery. • Business systems roadmaps are updated to ensure relevance including core ERP. • Strong programme governance is in place for major ERP implementations. 	<ul style="list-style-type: none"> • Annual external vulnerability testing is undertaken. • Security KRIs are in place to monitor progress and drive appropriate action, where necessary. • Employee education programme is in place to improve cyber risk awareness. • Critical infrastructure is upgraded, ensuring the correct patch levels are applied. • We are moving critical systems away from our sites into an external cloud infrastructure. • An annual review of disaster recovery processes for all business-critical systems has been undertaken, ensuring relevant back-up and recovery plans are in place. • New secure access mechanisms have been introduced for employees connecting to the corporate systems when they are not in the office. • An IT strategy refresh has been conducted and aligned to business priorities, with new investments underway in updated systems and applications, as part of our Group-wide Transformation programme. • Programme governance is in place for major IT programmes.

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties (continued)

Safe and high-quality products		
<p>We recognise the inherent risks associated with product quality and safety and we acknowledge that product defects can occur due to various factors such as human error, equipment failure, or other unforeseen circumstances. We are also aware that any errors in labelling can have significant repercussions on consumer safety and customer reputation. It is therefore imperative that we maintain the highest standards of product quality and safety, both to safeguard the wellbeing of consumers as well as to uphold the trust and loyalty customers place on us.</p>		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • Issues with quality or safety of products could lead to reputational damage with customers, consumers or regulators. • Potential financial losses could arise due to a need to recall products, disruptions in supply, delays to launch or fines imposed on the Company. 	<ul style="list-style-type: none"> • Our product quality processes and controls are comprehensive, verified annually, and monitored for continuous improvement. • Raw materials are approved against our standards and material quality is regularly monitored. • In the event of a safety or quality incident, processes are in place to make sure that the right experts take prompt and effective action. • Our labelling processes comply with all applicable regulations and are kept up to date with all regulatory changes. • We engage with regulators and industry groups to stay updated on emerging safety concerns. 	<ul style="list-style-type: none"> • All annual reviews of processes and controls are completed. • Raw material policy update has been completed for 2023. • We continue to participate in all relevant trade associations and taskforces.

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties (continued)

Health and safety		
We recognise the inherent risks associated with poor identification of health and safety risks, evaluation of hazards and the prioritisation of associated actions and controls, which represents a potential risk of injury, ill health or environmental incident.		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • The assessment of hazardous tasks/ activities could lead to gaps in associated risks and relevant controls required to prevent potential injury, ill health or environmental incidents. • An inaccurate or incomplete assessment of specific/specialised elements of health and safety, coupled with potentially differing standards in operational controls in this area, could result in the potential risk of injury, ill health or environmental incidents. • An insufficient 'Training Needs Analysis' could lead to an inconsistent approach to health and safety training, resulting in the inability to determine the necessary competence of workers, ultimately affecting their health, safety or environmental performance. 	<ul style="list-style-type: none"> • We have an appropriately resourced and skilled Group-wide Health & Safety (H&S) function, which includes a Group H&S Lead reporting directly into the CEO, supported by dedicated health, safety and environment professionals at a local site level in every country. • We have created an H&S Governance Framework, incorporating an H&S Council responsible for the development and implementation of continual improvement initiatives. • The utilisation of a standard Group-wide H&S proforma helps to provide a more robust risk assessment of general tasks and activities. • The development of defined Group standards on H&S allows McBride to establish minimum requirements to improve operational control and health, safety and/or environmental performance. • The development of tailored site Zero Loss Journey Map (ZLJM) improvement plans determined from comprehensive gap analysis enables the Group to define strategy and priority objectives, in order to improve health, safety and environmental performance. 	<ul style="list-style-type: none"> • The ongoing monitoring of defined Group standards on H&S ensures minimum standards on health, safety and/or environmental performance are maintained. • The development and implementation of additional 'in-process' tools e.g. Dynamic Risk Assessment (DRA) and Quick Risk Prediction (QRP) help to further enhance the Group's approach based on proactive 'Leading Indicators'. • The acquisition of a leading Health, Safety and Environmental (HSE) software solution helps to provide greater analysis and management of data/corrective actions to further enhance the continuous improvement of HSE performance across the Group. • We have Standard Incident Reporting Sheets across the Group for 'near misses' and 'accidents'. • We have completed a comprehensive HSE gap analysis at each site and the subsequent development of tailored ZLJMs to define strategy and priority actions, and to ultimately drive Group-wide HSE improvements. • We have developed a standard Root Cause Analysis (RCA) procedure, driving alignment on identified issues and corrective actions to support continual improvement.

Strategic report *(continued)*

Review of the business *(continued)*

Principal risks, financial risks and uncertainties (continued)

Challenges in attracting and retaining talent		
Failure to attract, retain and develop the required capabilities, which could impact the delivery of our purpose, vision and business performance.		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • Our ability to attract, develop and retain a diverse workforce with a wide range of skills is critical for the effective delivery of our strategies. • The loss of key leadership and talented colleagues and the inability to effectively replace them could make it difficult to manage the business, ultimately adversely affecting operations and financial results. • Market competition for key leadership and talent remains strong across the wider economy and specifically in some of the countries within which we operate. Whilst we continue to have robust response mechanisms in place, we face the complexities posed by uncertain macroeconomic conditions, intense competition for talent and significant wage inflation. 	<ul style="list-style-type: none"> • People performance, potential and succession management is formally reviewed and subject to calibration by senior management each year. Core skills gaps are identified to inform clear action plans and address key talent retention or attraction risks. There are frequent discussions on talent and retention with the Executive Committee, with regular oversight by the Board. • Our Remuneration Committee agrees the objectives and remuneration arrangements for senior leaders. • Agile ways of working, including smart home working, are frequently reviewed, to unlock internal capacity and support our ability to motivate, retain and attract talent. • We regularly review our ways of working to drive speed and simplicity through our business, allowing us to remain agile and responsive to market trends, in particular utilising our new Human Capital Management (HCM) system to drive efficiency in our talent management, skills development and talent reporting. 	<ul style="list-style-type: none"> • This is our first year of using our new HCM system to run a full talent cycle, enabling us to better determine and report on our colleagues' performance and potential, plus reward them as appropriate to enhance retention of key colleagues. • Our onboarding processes have been reviewed and updated in most areas, resulting in a more engaging welcome to McBride for new colleagues. • Actions have been taken to ensure that staff remuneration remains competitive within each local market. • We continue to roll out measures to ensure the wellbeing of our colleagues, with a number of specific initiatives launched during the year, including a focused four-week Diversity, Equity and Inclusion impact campaign during March 2023.

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties (continued)

Climate change and environmental concerns		
An evolving, multi-dimensional risk influencing our ability to continue to produce and deliver appropriate goods and services in a sustainable and environmentally responsible manner, leading to a potential lack of alignment with key retail customers, a loss of revenue, supply disruptions and an inability to deliver a reduction on our corporate carbon footprint ambitions		
<i>Risk impact</i>	<i>Mitigation</i>	<i>Key developments</i>
<ul style="list-style-type: none"> • Government actions to mitigate climate change, such as carbon taxes, land use regulations, or regulations restricting product composition, may increase costs or limit operational flexibility. This could lead to financial cost for the Company, over and above the increased costs associated with sustainable materials. • Failing to adapt our business models and strategies to the sustainability concerns of customers and consumers could reduce our ability to continue to produce and deliver appropriate goods and services. This could lead to reputational damage for the Group and ultimately affect our growth, competitiveness and profitability. • The increased incidence of extreme weather events could impact our ability to sustainably source essential components for our products and services, potentially leading to supply disruptions. • We could fail to be eligible as a preferred supplier to our customers due to lack of our commitment to measure our corporate carbon footprint and to set and realise appropriate reduction targets. 	<ul style="list-style-type: none"> • The immediate focus of our mitigation activities is on our preparedness for both supply chain disruptions (e.g. through flexible sourcing policies in place) and the ongoing reduction of our operational carbon footprint measured via appropriate metrics and using validated targets. • We have developed a more comprehensive understanding of our customers' needs, goals and objectives to mitigate their overall carbon footprint, aligning our own climate change action plans as appropriate. • An annual measurement of our corporate carbon footprint and creation of a carbon heat map has been developed with external consultants. This follows required corporate reporting standards and is the main driver for action plans to reduce our carbon-intense production areas. • We have a focused cross-functional ESG forum with an established framework that continues to operate effectively, leading the Group's ESG activities and specifically driving our response to climate change and environmental concerns. 	<ul style="list-style-type: none"> • We continued to engage with experts to work with the TCFD Working Group, in order to further risk assess key climate-related risks and opportunities (CROs) over the short, medium and long term and to assess their potential impact on the Group's business. • We are working with our energy suppliers to increase the proportion of our energy from renewable sources, whilst looking to offset additional costs, via improved site efficiencies. This is required to meet our 2025 target (30%) and our agreed Science-Based Target. • We have completed the 2023 Carbon Disclosure Project (CDP) disclosure on climate action.

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties (continued)

Increased regulation The regulatory environment remains complex with requirements for increased monitoring, governance, product composition and reporting. McBride is subject to laws and regulations in the markets in which it operates and compliance with these is an essential part of our business operations.		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • Non-compliance with relevant laws and regulations could expose McBride and our customers to civil and criminal actions. This could result in possible damages, fines, sanctions and damage to our corporate reputation. • Changes to and introduction of additional laws and regulations also have a material impact on the cost of doing business via increased reporting and growing resource requirements to meet heightened, complex and frequently evolving compliance needs. 	<ul style="list-style-type: none"> • Our continued focus on product compliance processes and controls is regularly monitored to drive improvement. • Communication with employees ensures that compliance is embedded within key roles. • All raw material suppliers must verify compliance to relevant legal and safety requirements, with these standards continually monitored and updated. • Legal and regulatory specialists continue to monitor the relevant legislative framework that McBride operates under, to provide assurances of compliance with all existing and new legal obligations. External legal guidance is sought, where appropriate. • McBride is an active member of relevant trade associations and industry bodies. Where appropriate, we can provide input into government consultations which affect our products or industry. • Communication of legislative requirements is now fully formalised via specific divisional briefing, leadership briefings and specific project teams. 	<ul style="list-style-type: none"> • Continual improvement of monitoring and oversight systems, processes and activities to respond to increased emerging regulatory compliance and reporting obligations. • Use of digital tools to check compliance of formulations against legal and McBride policy requirements. • Monitoring of the legislative landscape continues to be a priority, particularly in relation to the EU Green Deal. • McBride has contributed to the detergent industry impact assessments conducted for the update to the Detergent Regulation, Regulation (EC) No 1272/2008 on the classification, labelling and packaging of substances and mixtures (CLP), Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the impact assessments for new pieces of legislation such as the Ecodesign for Sustainable Products Regulation (ESPR) and the Green Claims Directive. • Increased regulation has also been further assessed as a transitional risk as part of the work undertaken by the TCFD Working Group.

Strategic report (continued)

Review of the business (continued)

Principal risks, financial risks and uncertainties (continued)

Economic, political and macro environment instability		
Failure to anticipate, understand and successfully respond to changes in geopolitical and economic uncertainty on a timely basis may impact our ability to meet our strategic goals.		
Risk impact	Mitigation	Key developments
<ul style="list-style-type: none"> • Failure to react quickly enough to changing economic and/or political conditions e.g. inflationary pressures, currency instability, global trade tensions, heightened political protectionism, changes to customs duties and tariffs, and eroded consumer confidence, may impact on our freedom to operate in a specific market and could adversely impact forecasting and financial performance. • The Group operates in the consumer products environment where external factors such as the general economic and geopolitical climate, levels of disposable income, changing demographics and buying patterns could all impact customer spending. • Prolonged uncertainty owing to political and ongoing macroeconomic developments, the Russian invasion of Ukraine and the significant inflationary pressures that many global economies are currently facing, could potentially affect our supply chain, availability of key products and thereby increase the Group's cost base. • Disruption could be caused by sanctions imposed due to geopolitical events, or the failure to respond or react to sanctions on a timely basis. 	<ul style="list-style-type: none"> • We conduct local and global monitoring of key business drivers and performance, with cross-functional steering groups to manage acute issues, including inflation and other supply chain considerations. • Local sourcing strategies are supported by centrally administered currency and interest rate hedging arrangements, to minimise volatility, in line with the Group's Treasury Policy. • The Group monitors the performance of individual divisions and markets regularly, covering a range of KPIs. • We have an adaptable portfolio of existing products and an ability to develop new products across all our geographies, suiting the changing needs of customers and consumers. • The business has a proven track record of being able to pass on inflationary costs through increased pricing. • The Group has a formal and frequent forecasting process as well as medium-term planning processes, which help provide early visibility and a timely response to significant changes in consumer demand patterns. • McBride has adopted a Group-wide International Sanctions Policy, which is continuously reviewed, monitored and updated, and implemented a risk-based process to ensure compliance with international sanctions measures that apply to our business and that may restrict our ability to trade with certain countries, territories or parties. 	<ul style="list-style-type: none"> • The risk profile increased during the year primarily due to ongoing political and macroeconomic developments related to the aftermath of Covid-19, the Russian invasion of Ukraine and the significant inflationary pressures that many global economies are currently facing. • We have continued to improve forecasting and planning capabilities, resulting in rolling annual volume forecasts by product category, region and customer, to better assess and respond to long-term opportunities and risks. • McBride has taken an active decision not to trade with countries that are subject to comprehensive sanctions programmes, or with any entity or individual that is located, incorporated or ordinarily resident in any of these locations. In relation to other countries subject to less restrictive sanctions programmes, we risk assess and perform adequate due diligence on our business partners and the final destination of our products when establishing or reviewing trade relationships to ensure that we do not trade with listed sanctions targets or otherwise engage in activities that are prohibited under relevant sanctions measures.

Strategic report *(continued)*

Section 172(1) statement

The Directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006 ('the 2006 Act'). The Board considers it has acted in good faith and made decisions which promote the long-term success of the Group for the benefit of its shareholders and its people. In doing so, it considered the interests of stakeholders impacted by the business as well as its legal duties. It acknowledges that as it works towards securing the Group's success and sustainability and delivering on our strategy it needs to build and maintain successful relationships with a wide range of stakeholders within an interconnected society. The Board has identified five key stakeholder groups and recognises that it must ensure the perspectives, insights and opinions of stakeholders are understood and taken into account when key decisions are being made. Equally, not all decisions will result in a positive outcome for all stakeholders; however, the Board recognises that its decisions should nonetheless be justifiable in themselves.

Factors taken into account in the Board's decision making included:

- likely consequences of any decisions in the long term;
- interests and wellbeing of our people, including health and safety risks;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct;
- the compliance and financial risks to the Company and its stakeholders.

Examples of how the Board had oversight of stakeholder matters, and had regard for these matters and the potential impact on stakeholders when making decisions, are set out below.

Workforce

We recognise that our colleagues are fundamental and core to our business and the delivery of our strategic priorities. The success of our business depends on attracting, retaining and motivating talented employees.

Over the past year, we have made some great progress, demonstrated by engagement and pride in McBride plc, which has supported the business through a very challenging period.

- From June 2022 all colleagues had access to a digital learning platform containing modules, allowing them to build broad, future-fit skills across a wide range of topics.
- We continued to roll out our "Let's Grow" development programmes with many colleagues attending courses on "Investing in Me", "Learning 2 Lead" and "Leading with Impact".
- Our McBride Cares Employee Assistance Programme continues to provide a confidential telephone counselling support line 24/7/365 for colleagues and their direct families.
- We have continued to operate with an interim smart home working programme for eligible office-based colleagues, allowing them to work in a hybrid way, spending 50% of their working time from home.

We understand the importance of providing employees systematically with information on matters of concern to them and keeping them abreast of the key factors impacting the Company. This is done in number of ways including: engaging with employee representatives through the European Works Council (EWC), 'town hall' meetings to provide business updates and opportunities for employee questions, and key communications distributed through our employee HRM systems.

Our hard-working and committed colleagues have continued to demonstrate extraordinary levels of teamwork, agility and resilience over the last year when we have faced a significant period of uncertainty caused by macroeconomic factors which have impacted the Company's trading position.

Customers

Good relationships with our customers are the fundamental bedrock of our business. Under our new divisional structure, a core ambition is to provide focused and specialist insight to help our customers with the optimal portfolio proposition that best suits their business.

Strategic report *(continued)*

Section 172(1) statement *(continued)*

Again, this year has seen frequent interactions with customers, in respect of continued inflationary pressure on the supply side where, in addition to volatile costs in respect of raw materials and packaging, global inflationary pressures have been an increasing feature of our discussions. Our interactions with clients have reached varying levels within both our organisation and that of our customers. In all of these difficult conversations McBride has shown transparency and has had constructive dialogue with customers in gaining their support for price increases. A key part of our strength is that, through our flexible product portfolio, we have been able to work with customers to ensure that their offer to consumers gives them the value that they seek in these inflationary times and, where possible mitigate the effects of price increases on the end consumer.

Our position on requested selling price increases was to look to recover short-term cost rises to cover known inflation in the coming months and not rely on long forward estimates and then to seek revision if these estimates proved inaccurate. We consider our approach, supported by real data, assisted in delivering the level of selling price increases achieved.

Suppliers

Raw materials make up a large portion of our product costs. Price increases, delays or interruption in the supply of raw materials could significantly affect both our operations and financial position.

'Supply and demand imbalances' was probably one of the most commonly used phrases in the first half of the year as producers reduced output of key commodities, initially to reduce energy consumption, but subsequently to manage availability and provide a pricing floor in the backdrop of a slowdown in global demand. The high inflationary environment and the subsequent responses of central banks created an environment not seen for a generation. Despite these challenges, the Group Purchasing team have worked well to ensure continued availability across our sites, demonstrating the strength of the supplier relationships the buyers have developed.

Our Supplier Code of Conduct, which is visible on our website, sets out the standards of behaviour we expect from all of our suppliers. We continually seek to establish mutually beneficial relationships with each of our suppliers and encourage them to match our high standards. Our centralised Group Purchasing function is dedicated to sourcing the Group's key materials and maintaining constructive and collaborative two-way communication across our supplier base. A due diligence exercise is carried out on new suppliers and regular audits take place.

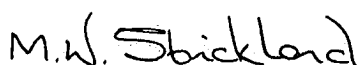
Communities

We continue to recognise our responsibility to actively engage and support the local communities in which we live and work beyond simply providing employment. The Company proactively supports and encourages colleagues to come together and support local initiatives, organise product donations, raise funds for chosen charities and volunteer for local organisations.

In 2023 UK employees has raised money for local charities such as Mustard Tree, supported the children of McBride colleagues through educational grants, provided local employment opportunities and provided development opportunities through our Let's Grow development programmes and the Workday learning platform.

Helping and support local communities and improving the living conditions in the areas where we operate remains high on our priorities. We also recognise that, whilst we have made good progress in recent years, there is still much for us to do in the coming year.

On behalf of the Board



M W Strickland
Director
21 December 2023

Directors' report

The Directors present their audited financial statements for the year ended 30 June 2023.

Principal activities and future developments

The Company manufactures products for the domestic household and professional cleaning/hygiene markets. Our ambition is aligned to the Group's ambition which is to return to and then maintain the Company on a sustainable growth path focusing on selected markets and customers achieving high customer satisfaction through operational excellence and cost leadership.

In the view of the Directors, the Company's future development will continue to focus on the current core business and on the main product categories in which the Company currently operates.

Results and dividends

Loss before taxation for the year ended 30 June 2023 was £12,208,000 (2022 loss before tax: £22,969,000).

There was no interim dividend made during the year. The Directors do not recommend that a final dividend be paid to ordinary shareholders.

Principal risks and uncertainties

The main risks and uncertainties identified by the Company and the range of risk mitigation strategies adopted to manage any potential impact are covered in the Strategic report on pages 3 to 17.

Financial risk management

The main financial risks identified by the Company and the mitigation strategies adopted are covered in the Strategic report on page 5.

Employees

Employees are key to the Company's success and we rely on a committed workforce to help us achieve our business objectives.

A key principle of our business success is creating a culture whereby all colleagues across the Company are recognised as a valuable asset and supported to become fully engaged, aligned and achieve their full potential. Our recruitment, talent management and training and development programmes ensure the Company maintains a pool of talent to deliver its strategic objectives.

Annual performance appraisals are conducted for all employees which provide the opportunity to review performance, clarify responsibilities and objectives, address employees' training and development needs and help match individuals' career aspirations with the business needs of the Company.

Health, safety and environment

We strive to maintain a safe workplace in all our operations. Our business activities are undertaken in a responsible manner and in accordance with relevant legislation and regulatory provisions and that all employees participate in developing, promoting and maintaining a safe working environment for employees, visitors and the public. If an employee is injured during the course of their employment, the incident is thoroughly investigated and, where appropriate, rehabilitation support is provided to help the employee to return to work as soon as possible.

We are committed to making continuing progress in minimising the environmental impact of the Company's operations. This includes focus on investment in and measurement of wastewater and energy consumption as well as operating efficiency and carbon emissions, not just of the Company's operations, but also of our supply chain, and we continue to make improvements in these areas. All of this is supported by comprehensive internal environmental management systems and the use of KPIs and achieving external environmental accreditation for our operations.

Political donations

The Company made no political donations during the year (2022: £nil).

Research and development

The Company is involved in a range of activities in the field of research and development. Total expenditure relating to research and development for the year ended 30 June 2023 was £1,507,000 (2022: £1,127,000).

Directors' report (continued)

Employment of disabled people

It is the Company's policy that everyone, including those with disabilities and people of all backgrounds, are dealt with in an inclusive and fair way. We recruit, train and develop employees who are best suited to the requirements of the job role, regardless of gender, ethnic origin, race, religion or belief, marriage or civil partnership, pregnancy or maternity, sexual orientation, gender identity or disability.

Disabled people are afforded equal opportunities in recruitment and promotion and full and fair consideration is given to providing opportunities for training and development of people with disabilities according to their skills and capabilities. We aim to offer a supportive working environment and to offer terms and conditions of service which allow disabled people with the necessary skills and qualifications to obtain employment with the Company. If current employees become disabled they will continue to be employed, wherever practicable, in the same job. If this is not practicable, every effort will be made to find and provide appropriate retraining and redeployment.

Employee involvement and engagement

The Board acknowledges that meeting with local management, both formally and informally, allows a deeper insight and understanding of the issues and challenges facing the business. The Company is committed to communications with employees by way of briefings and information bulletins. The Company values and acts upon the feedback from the workforce.

Directors and Directors' interests

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

C I C Smith
H W Nicholson
M W Strickland
P R Ingelse

No Director either during or at the end of the financial year was interested in any contract that was significant in relation to the Company's business.

Qualifying third party indemnity

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

Indemnification of Directors

The Articles of Association provide for a Director to be indemnified out of the assets of the Company in respect of liabilities incurred as a result of his office provided judgement is ultimately given in his favour or if he is acquitted. In respect of those liabilities for which Directors may not be indemnified, the Company purchased and maintained a Directors' and officers' qualifying liability insurance policy throughout the year and also at the date of approval of the financial statements.

Neither the Company's indemnity nor insurance provides cover in the event that the Director is proven to have acted fraudulently or dishonestly. No claims have been made either during the year or up to the date of approval of this Directors' report.

Directors' report (continued)

Going concern

The Company is part of a funding arrangement arranged by McBride plc. The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The current economic conditions continue to create uncertainty. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings. Based on these projections, and discussions with the directors of McBride plc, the Directors are satisfied that, for the foreseeable future, the Company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

The Company has received confirmation from the director of the ultimate parent company, McBride plc, that sufficient funding will be provided to enable the company to meet its liabilities as they fall due for at least the next twelve months from the date of signing these financial statements.

Statement of Directors' responsibilities

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

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

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report *(continued)*

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's financial transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

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

On behalf of the Board



M W Strickland
Director
21 December 2023

Independent auditors' report to the members of Robert McBride Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Robert McBride Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2023; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

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

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

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

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

Strategic report and the Directors' Report

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 year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, environmental laws and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax laws and the Companies Act 2006. We evaluated management's

incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve financial performances, and management bias in accounting estimates and judgements.. Audit procedures performed by the engagement team included:

- challenging assumptions and judgements made by management in their significant accounting estimates (because of the risk of management bias), in particular around the carrying value of intangible assets, investments, property, plant and equipment and deferred tax assets;
- discussions with management, internal audit and the in-house legal team including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- enquired with external legal counsel around actual and potential litigation and claims;
- reviewing minutes of meetings of those charged with governance;
- auditing the tax computations to ensure compliance with tax legislation;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- reviewing financial statements disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Hazel Macnamara (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

21 December 2023

Statement of comprehensive income
For the year ended 30 June 2023

	Note	2023			2022		
		Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Turnover	5	188,848	1	188,849	151,247	46	151,293
Cost of sales		(140,523)	(11)	(140,534)	(115,463)	30	(115,433)
Gross profit		48,325	(10)	48,315	35,784	76	35,860
Distribution costs		(11,077)	-	(11,077)	(9,677)	(1)	(9,678)
Administrative expenses		(48,047)	9	(48,038)	(48,052)	(31)	(48,083)
Impairment of trade receivables		5	-	5	392	-	392
Exceptional costs	6	(41)	(18)	(59)	(1,139)	1,072	(67)
Operating (loss)/profit	7	(10,835)	(19)	(10,854)	(22,692)	1,116	(21,576)
Finance income	9	885	-	885	-	-	-
Finance costs	9	(2,239)	-	(2,239)	(1,393)	-	(1,393)
(Loss)/profit before taxation		(12,189)	(19)	(12,208)	(24,085)	1,116	(22,969)
Tax on (loss)/profit	10	2,746	-	2,746	6,814	336	7,150
(Loss)/profit for the financial year		(9,443)	(19)	(9,462)	(17,271)	1,452	(15,819)
Other comprehensive income/(expense)/income:							
Items that may be reclassified to profit or loss:							
Fair value (losses)/gains on cash flow hedges		(110)	-	(110)	380	-	380
Cash flow hedges transferred to profit or loss		(305)	-	(305)	(139)	-	(139)
Taxation relating to items above		-	-	-	-	-	-
		(415)	-	(415)	241	-	241
Items that cannot be reclassified to profit or loss:							
Remeasurement (losses)/gains on defined benefit pension plans	20	(13,941)	-	(13,941)	11,516	-	11,516
Shares based payments		324	-	324	8	-	8
Taxation relating to the items above		3,513	-	3,513	(3,007)	-	(3,007)
		(10,104)	-	(10,104)	8,517	-	8,517
Total other comprehensive (expense)/income for the year, net of tax		(10,519)	-	(10,519)	8,758	-	8,758
Total comprehensive (expense)/income for the year		(19,962)	(19)	(19,981)	(8,513)	1,452	(7,061)

Balance sheet
As at 30 June 2023

	<i>Note</i>	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Intangible assets	11	6,322		6,536	
Tangible assets	12	13,521		15,829	
Right-of-use assets	13	810		1,493	
Investments	14	5,618		5,618	
			<u>26,271</u>		<u>29,476</u>
Current assets					
Stocks	15	15,694		14,489	
Debtors	16	105,909		90,946	
Cash at bank and in hand		(43,185)		137	
			<u>78,418</u>	<u>105,572</u>	
Creditors: amounts falling due within one year	17	(73,163)		(73,563)	
			<u>5,255</u>		<u>32,009</u>
Net current (liabilities)/assets			<u>5,255</u>		<u>32,009</u>
Total assets less current liabilities			<u>31,526</u>		<u>61,485</u>
Liabilities					
Creditors: amounts falling due after more than one year	18	(10,262)		(30,088)	
Provisions for liabilities	19	(1,817)		(2,366)	
Pension liability	20	(24,680)		(14,284)	
			<u>(5,233)</u>	<u>14,747</u>	
Net (liabilities)/assets			<u>(5,233)</u>	<u>14,747</u>	
Capital and reserves					
Called-up share capital	21	30,440		30,440	
Share premium account		10,000		10,000	
Cash flow hedge reserve		(247)		168	
Other reserves		2,449		2,449	
Profit and loss account		(47,875)		(28,310)	
			<u>(5,233)</u>	<u>14,747</u>	
Total shareholders' (deficit)/funds			<u>(5,233)</u>	<u>14,747</u>	

These financial statements on pages 25 to 57 were authorised for issue by the Board of Directors on 21 December 2023 and were signed on its behalf by:

M.W. Strickland

M W Strickland
Director
Registered number 220175

21 December 2023

Statement of changes in equity
For the year ended 30 June 2023

<i>Note</i>	Called-up share capital	Share premium account	Cash flow hedge reserve	Other reserves	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000	£000	£000
At 1 July 2021 (unaudited)	30,440	10,000	(73)	2,449	(21,008)	21,808
Profit for the financial year	-	-	-	-	(15,819)	(15,819)
Other comprehensive (expense)/income						
Fair value gains on cash flow hedges	-	-	380	-	-	380
Cash flow hedges transferred to profit or loss	-	-	(139)	-	-	(139)
Remeasurement gains on defined benefit plan <i>20</i>	-	-	-	-	11,516	11,516
Share based payments	-	-	-	-	8	8
Taxation relating to items above	-	-	--	-	(3,007)	(3,007)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(expense) for the year, net of tax	-	-	241	-	(7,302)	(7,061)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners						
Proceeds from shares issued	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2022	30,440	10,000	168	2,449	(28,310)	14,747
Loss for the financial year	-	-	-	-	(9,461)	(9,461)
Other comprehensive income/(expense)						
Fair value losses on cash flow hedges	-	-	(110)	-	-	(110)
Cash flow hedges transferred to profit or loss	-	-	(305)	-	-	(305)
Remeasurement gains on defined benefit plan <i>20</i>	-	-	-	-	(13,941)	(13,941)
Share based payments	-	-	-	-	324	324
Taxation relating to items above	-	-	--	-	3,513	3,513
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(expense) for the year, net of tax	-	-	(415)	-	(19,565)	(19,980)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	30,440	10,000	(247)	2,449	(47,875)	(5,233)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other reserves relate to long term incentive plans

Cash flow hedges transferred to profit or loss relate to amounts transferred to inventory in respect of matured cashflow hedges.

Notes to the financial statements

1 General information

The Company manufactures products for the domestic household and professional cleaning/hygiene markets.

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

2 Accounting policies

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

Basis of preparation

These financial statements have been prepared under the going concern basis and historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through the profit or loss, and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 "Reduced Disclosure Framework" except for the departure from the Companies Act explained in note 24. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

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

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

1. Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
2. IFRS 7, 'Financial Instruments: Disclosures'
3. Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
4. Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment'; and
 - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
5. The following paragraphs of IAS 1, 'Presentation of financial statements':
 - a. 10(d), (statement of cash flows);
 - b. 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - c. 16 (statement of compliance with all IFRS);
 - d. 38A (requirement for minimum of two primary statements, including cash flow statements),
 - e. 38B-D (additional comparative information);
 - f. 40A-D (requirements for a third statement of financial position);
 - g. 111 (cash flow statement information); and
 - h. 134-136 (capital management disclosures).
6. IAS 7, 'Statement of cash flows'
7. Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Basis of preparation (continued)

8. The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
9. Paragraph 134 of IAS 36 'Impairment of assets'.

New standards, amendments and interpretations

The following standards and amendments were effective for periods beginning on or after 1 January 2022 and as such have been applied in these financial statements. The Group has not early adopted any other standard or interpretation that is issued but not yet effective.

- Amendments to IFRS 9, clarifying which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.
- Amendments to IAS 37, specifying that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'.
- Amendments to IAS 1, requiring companies to disclose their material accounting policy information rather than their significant accounting policies.
- Amendments to IAS 8, clarifying how companies should distinguish changes in accounting policies from changes in accounting estimate.
- Amendments to IAS 12, requiring companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to IAS 12, providing a temporary exception to the requirements regarding deferred tax assets and liabilities related to Pillar 2 income taxes.
- Amendments to Interest rate benchmark reform: phase 2, dealing with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and considering the implications for specific hedge accounting requirements in IFRS 9 and IAS 39, which require forward-looking analysis.

The Company has not early adopted any other standard or interpretations that is issued but not yet effective.

Going concern

The Company is part of a funding arrangement arranged by McBride plc. The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The current economic conditions continue to create uncertainty. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings. Based on these projections, and discussions with the directors of McBride plc, the Directors are satisfied that, for the foreseeable future, the Company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

The Company has received confirmation from the director of the ultimate parent company, McBride plc, that sufficient funding will be provided to enable the company to meet its liabilities as they fall due for at least the next twelve months from the date of signing these financial statements.

Investments

Investments in subsidiary undertakings are stated at cost less any applicable provision for impairment.

The carrying values of investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amounts.

Accounting for acquisitions and disposals

The results of companies and businesses acquired and disposed of are dealt with in the financial statements from the date of acquisition or to the date of disposal. Where appropriate, adjustments are made to align the accounting policies of businesses acquired with those of the Company.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Goodwill

On the acquisition of a subsidiary, business, or associate, fair values are attributed to the net assets acquired. Where the value of the consideration exceeds the aggregate value of these assets, the difference is treated as goodwill. The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the Directors, its useful economic life. However, under IFRS 3 Business Combinations, goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment (if sooner).

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost. Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite lives are assessed for impairment whenever this is an indication that the intangible asset may be impaired or at least once during each

financial period. Non-amortisation of indefinite life intangibles is a departure from the Companies Act 2006 requirement, but this is a true and fair override.

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRIS 101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008* (S/ 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified.

Tangible fixed assets

Property, plant and equipment is stated at historic cost less accumulated depreciation and accumulated impairment losses. Land and buildings are recognised initially at cost and thereafter are carried at fair value less depreciation and impairment charged subsequent to the revaluation.

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 buildings	-	50 years
Leasehold buildings	-	Life of lease
Plant and machinery	-	between 3-10 years

No depreciation is provided on freehold land, leasehold land or assets under construction.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amounts.

An item of 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 derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

Assets under construction

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Only costs directly attributable to the asset under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Assets under construction (continued)

Depreciation of these assets commences when the assets are ready for their intended use. The depreciation applied is consistent with the policies on tangible and intangible assets outlined above.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, less any lease incentives receivable.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Financial instruments

The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded either in profit or loss or OCI.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Financial instruments (continued)

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- **Fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(ii) Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange arising from operating, financing and investing activities. The Company does not hold or issue derivative financial instruments for trading purpose; however, if derivatives do not qualify for hedge accounting they are accounted for as such.

Derivative financial instruments are recognised as assets and liabilities measured as their fair values at the balance sheet date. Where derivatives do not qualify for hedge accounting, any gains or losses on remeasurement are immediately recognised in the Company income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the items being hedged. In order to qualify for hedge accounting, the Company is required to document from inception, the relationship between the item being hedged and the hedging instrument.

The Company is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each reporting date to ensure that the hedge remains highly effective.

Derivative financial instruments with maturity dates of more than one year from the balance sheet date are disclosed as non-current.

The Company has entered into a number of financial derivative contracts which are discussed below.

The Company enters into forward foreign exchange contracts to mitigate the exchange risk for certain foreign currency transactions. The Company enters into forward foreign exchange contracts to mitigate the exchange risk for certain foreign currency receivables. At 30 June 2023, the outstanding contracts all mature within twelve months (2022: twelve months) of the year end. The Company is committed to sell PLN and EUR and receive a fixed Sterling amount.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Financial instruments (continued)

All contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing derivatives are the exchange rates for GBP:EUR.

Trade debtors and other debtors

Trade debtors and other debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under the Company's business model, trade and other debtors are held for collection of contractual cash flows and represent solely payments of principal and interest. A provision for impairment of trade receivables is established based on expected credit loss.

The Company applies the IFRS 9 simplified approach in calculated ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on shared credit risk characteristics, its historical credit loss experience and days past due, adjusted for forward-looking factors specific to the debtors and the economic environment. The amount of the provision is recognised in the balance sheet within trade receivables. Movements in the provisions are recognised in the profit and loss account.

Trade creditors and other creditors

Trade creditors and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Stocks

Stocks are stated at the lower of cost and net realisable value with due allowance for any excess, obsolete or slow-moving stock items. In determining the cost of raw materials, consumables and goods purchased for resale, standard cost is used, as adjusted to historical purchase price. For work in progress and finished goods manufactured by the Company, cost is taken as production cost, which comprises the cost of raw materials, direct labour and other direct costs, together with related production overheads based on normal operating capacity.

Cost represents the expenditure incurred in bringing each product to its present location and condition. The cost of raw materials is measured on a first-in, first-out (FIFO) basis. Net realisable value is the estimated selling price less estimated costs of completion and estimated selling and distribution costs.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Notes to the financial statements (*continued*)

2 Accounting policies (*continued*)

Foreign currencies

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

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Gains or losses on translation are taken to the income statement unless hedge instruments qualifying for recognition in other comprehensive income are held.

Turnover

Turnover from contracts with customers from the sale of goods is measured at the invoiced amount, net of sales rebates, discounts, value added tax and other sales taxes. Turnover comprises the fair value of the consideration received or receivable for the sale of goods.

Turnover is recognised on the transfer of the control of goods upon delivery of the goods to the customer, when the significant risks and rewards of ownership are passed to the customer and when all contractual performance obligations have been met.

Accruals for sales rebates and discounts are established at the time of sale based on management's judgement of the best estimate of the amounts payable under the contractual arrangements with the customer. The estimated rebates or discounts payable do not contain significant estimates as they are mostly contractually driven, and are based on, amongst other things, expected sales to the customer during the period to which the rebate or discount relates, historical experience and market information.

The type of rebates and discounts given by the Company include:

- volume-related rebates for achieving sales targets within a set period; and
- promotional, marketing and other allowances to support specific promotional pricing discounts, in-store displays and cost reimbursement.

There is an element of judgement applied to the level of future achieved sales within volume-related rebates.

Payment is typically due 60 days after despatch. The Company has an obligation for returns due to damages and recognises a credit note provision and corresponding adjustment to turnover.

Pensions

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which they are declared and approved. Interim dividends are recognised in the period in which they are paid. The Board is not recommending a final dividend in 2023

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year incurred.

Notes to the financial statements (*continued*)

2 Accounting policies (*continued*)

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Exceptional items

Exceptional items are disclosed separately in the financial statements, where it is necessary to do so to provide further understanding of the financial performance of the Company. They are items that are material, either because of their size or their nature, or that are non-recurring, and are presented within the line items to which they best relate.

Hedge accounting

For a hedging relationship to qualify for hedge accounting, it must be documented on inception together with the Company's risk management objective and strategy for initiating the hedge, and it must both be expected to be highly effective in offsetting the changes in cash flows or fair value attributed to the hedged risk and actually be highly effective in doing so.

When hedge accounting is used in the Company, the hedging relationship is a cash flow hedge.

Hedging relationships are classified as cash flow hedges where the hedging instrument hedges exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability (such as interest payments on variable rate debt), a highly probable forecast transaction (such as forecast revenue) or a firm commitment that could affect profit or loss.

Where a hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, the change in the fair value of the hedging instrument is recognised in other comprehensive income rather than in profit or loss.

When the hedged item affects profit or loss (for example, when a forecast sale that is hedged takes place), the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss. When a forecast transaction that has been hedged results in the recognition of a non-financial asset (for example, inventory), the cumulative gain or loss recognised in other comprehensive income is transferred from equity as an adjustment to the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors do not expect the basis for these critical accounting estimates and judgements to change within twelve months of the balance sheet date.

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

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment 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, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 2 for the useful economic lives for each class of assets.

Inventory provisioning

The Company manufactures products for the domestic household and professional cleaning/hygiene markets and is subject to changing consumer demands. 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 assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of the inventory and associated provision.

Impairment of trade receivables

The Company makes an estimate of the recoverable value of trade and other debtors, and assesses the recoverability of the intercompany balances. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 16 for the net carrying amount of the receivables and associated impairment provision.

Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures of the defined benefit pension scheme.

4 Auditors' remuneration

Auditors' remuneration including expenses of £50,000 (2022: £29,000) have been incurred in the current year.

No non-audit fees have been incurred.

Notes to the financial statements *(continued)*

5 Turnover

Turnover arises from a single business segment in the following geographical destinations:

	2023	2022
	£000	£000
United Kingdom	185,996	148,711
Overseas	2,852	2,536
Turnover from continuing operations	188,848	151,247
United Kingdom	1	46
Overseas	-	-
Turnover from discontinued operations	1	46

Notes to the financial statements *(continued)*

6 Exceptional (costs)/income

	2023	2022
	£000	£000
Continuing operations		
Reorganisation and restructuring costs	41	1,139
Discontinued operations		
Reorganisation and restructuring costs	-	(1,606)
One-off costs in relation to PC Liquids business	-	(13)
One-off costs in relation to the closed St Helens sites	18	547
	<u>41</u>	<u>547</u>

These costs are not directly related to the standard business operations and are, therefore, disclosed as exceptional.

Items relating to continuing operations

Total exceptional items incurred in relation to the continuing business of £41,000 charge were recorded during the year (2022: £1,139,000). The charge primarily comprises the following:

- Exceptional charge of £41,000 incurred as part of the ongoing review of strategy, organisation and operations.

Items relating to discontinued operations

Total exceptional items incurred in relation to the discontinued business of £18,000 charge were recorded during the year (2022: credit of £1,072,000). The credit primarily comprises the following:

- Exceptional charge of £18,000 in respect of a provision for property repairs and onerous lease obligations related to the closed St Helens site.

Notes to the financial statements (continued)

7 Operating (loss)/profit

	2023	2022
	£000	£000
Operating (loss)/profit is stated after charging/(crediting):		
Continuing operations:		
Wages and salaries	23,788	20,631
Social security costs	2,415	2,237
Other pension costs	1,286	1,227
	<u>27,489</u>	<u>24,095</u>
Staff costs		
Depreciation charge on property, plant and equipment	3,137	3,564
Depreciation charge on right-of-use assets	683	1,022
Amortisation of intangible assets	1,877	1,756
Impairment of trade receivables	5	(392)
Inventory recognised as an expense	134,047	109,429
Expense relating to short-term leases	-	-
Expense relating to low-value leases	60	64
Research and development expenditure	970	1,127
Foreign exchange (gains)/loss	(1,048)	147
Audit fees payable to the Company's auditors	50	60
Exceptional items:		
Reorganisation and restructuring costs	41	1,139
	<u>2023</u>	<u>2022</u>
	£000	£000
Discontinued operations:		
Depreciation on property, plant and equipment	-	10
Depreciation charge on right-of-use assets	-	-
Inventory recognised as an expense	11	(30)
Exceptional items:		
Reorganisation and restructuring costs	-	(1,606)
One-off costs in relation to PC Liquids business	-	(13)
One-off costs in relation to the closed St Helens site	18	547
	<u>18</u>	<u>547</u>

Notes to the financial statements *(continued)*

8 Employees and Directors

Employees

The average monthly number of persons employed by the Company (including Directors) during the year, analysed by category, was:

	Number of employees	
	2023	2022
Operations	293	300
Sales and administration	202	188
Number of employees from continuing operations	495	488
Operations	-	-
Number of employees from discontinued operations	-	-

Directors

The Directors' emoluments were as follows:

	2023	2022
	£000	£000
Remuneration	770	732
Pension costs	53	50
	823	782

As a management company, Robert McBride Ltd incurs a proportion of the Group's Directors' emoluments as recharged by McBride plc, as part of its management services/operations. The Directors' emoluments disclosed above represent remuneration incurred by the Company, with a further £255,000 of Directors' emoluments incurred by other Group companies (2022: £216,000). Costs relating to the Company's Directors are subsequently allocated to other Group companies under the Group transfer pricing policy.

The aggregate of emoluments of the highest paid director was £392,000 (2022: £384,000). This amount includes £nil (2022: £nil) of employer pension contributions to a defined contribution scheme. The director does not participate in a company defined benefit pension scheme.

	Number of Directors	
	2023	2022
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution schemes	1	1

Notes to the financial statements (continued)

9 Net finance costs

Finance income

	2023	2022
	£000	£000
Foreign exchange gains on bank accounts	885	-
	<u>885</u>	<u>-</u>

Finance costs

	2023	2022
	£000	£000
Amounts payable on bank loans and overdrafts	(1,168)	(352)
Unwinding of the discount factor on leases	-	(3)
Interest charged on right-of-use assets (note 13)	(43)	(82)
Other foreign exchange losses	-	(176)
Revaluation of loans	(573)	(274)
Interest payable	<u>(1,784)</u>	<u>(887)</u>
Expected return on pension scheme assets (see note 20)	3,750	2,420
Interest on pension scheme liabilities (see note 20)	<u>(4,205)</u>	<u>(2,926)</u>
Other finance charge	<u>(455)</u>	<u>(506)</u>
	<u>(2,239)</u>	<u>(1,393)</u>
Net finance costs	<u><u>(1,354)</u></u>	<u><u>(1,393)</u></u>

Notes to the financial statements *(continued)*

10 Tax on (loss)/profit

Continuing operations	2023	2023	2022	2022
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Adjustments in respect of prior years	-		(1)	
	<u> </u>		<u> </u>	
Total current tax		-		(1)
<i>Deferred tax</i>				
Origination/reversal of timing differences	1,171		1,606	
Tax losses	(3,806)		(7,344)	
Adjustments in respect of prior years	(111)		(120)	
Impact of change in tax rate	-		(955)	
	<u> </u>		<u> </u>	
Total deferred tax		(2,746)		(6,813)
		<u> </u>		<u> </u>
Tax on profit/(loss)		(2,746)		(6,814)
		<u> </u>		<u> </u>

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the UK which for the Company is 20.5% (2022: 19%). The differences are explained as follows:

	2023	2022
	£000	£000
<i>Total tax reconciliation</i>		
Loss before taxation	(12,190)	(24,085)
	<u> </u>	<u> </u>
Tax at the statutory rate of 20.5% (2022: 19%)	(2,499)	(4,576)
<i>Effects of:</i>		
Expenses not deductible for tax purposes – other	338	178
Change in tax rate	(474)	(2,240)
Adjustments in respect of prior years	(111)	(121)
Non-taxable income	-	(55)
Tax losses for which no deferred tax recognised	-	-
	<u> </u>	<u> </u>
Total tax credit	(2,746)	(6,814)
	<u> </u>	<u> </u>

Notes to the financial statements (continued)

10 Tax on (loss)/profit (continued)

Discontinued operations	2023	2023	2022	2022
	£000	£000	£000	£000
<i>UK corporation tax</i>				
<i>Deferred tax</i>				
Origination/reversal of timing differences	-		(96)	
Adjustments in respect of prior years	-		(240)	
	<hr/>		<hr/>	
Total deferred tax		-		(336)
		<hr/>		<hr/>
Tax on profit/(loss)		-		(336)
		<hr/> <hr/>		<hr/> <hr/>
			2023	2022
			£000	£000
<i>Total tax reconciliation</i>				
Profit/(loss) before taxation			-	1,116
			<hr/>	<hr/>
Current tax at 20.5% (2022: 19%)			-	212
<i>Effects of:</i>				
Expenses not deductible for tax purposes – other			-	-
Change in tax rate			-	(23)
Adjustments in respect of prior years			-	(240)
Non-taxable income			-	(285)
			<hr/>	<hr/>
Total tax (charge)/credit			-	(336)
			<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (*continued*)

11 Intangible assets

	Goodwill	Other intangibles	Total
	£000	£000	£000
<i>Cost</i>			
At 1 July 2022	67,004	16,224	83,228
Additions	-	1,663	1,663
Disposals	-	-	-
At 30 June 2023	<u>67,004</u>	<u>17,887</u>	<u>84,891</u>
<i>Accumulated amortisation</i>			
At beginning of year	66,631	10,061	76,692
Charged in year	-	1,877	1,877
Disposal	-	-	-
At 30 June 2023	<u>66,631</u>	<u>11,938</u>	<u>78,569</u>
<i>Net book value</i>			
At 30 June 2023	<u>373</u>	<u>5,949</u>	<u>6,322</u>
At 30 June 2022	<u>373</u>	<u>6,163</u>	<u>6,536</u>

Goodwill is not amortised but reviewed annually for impairment or earlier if there is evidence of its impairment.

Other intangible assets relate to brands, trademarks and software.

Brands and trademark assets have a definite useful life with a net book value of £303,000 at 30 June 2023 (2022: £432,000) and a remaining average amortisation period of 2.8 years (2022: 2.2 years) on a straight line basis.

Software assets have a definite useful life with a net book value of £5,646,000 at 30 June 2023 (2022: £5,732,000) and a remaining average amortisation period of 2.7 years (2022: 2.7 years) on a straight-line basis. There are no other individually material intangible assets.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with infinite lives are not amortised but are assessed for impairment annually or more frequently if events or changes in circumstances indicate potential impairment.

Intangible assets amortisation is recorded in administrative expenses in the income statement.

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRIS 101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008* (S/ 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified.

Notes to the financial statements (*continued*)

12 Tangible assets

	Freehold land & buildings £000	Leasehold land & buildings £000	Plant & machinery £000	Assets under construction £000	Total £000
<i>Cost</i>					
At beginning of year	10,497	10,061	40,441	725	61,724
Additions	-	-	-	835	835
Disposals	-	-	(20)	-	(20)
Reclassification	-	-	272	(272)	-
At end of year	10,497	10,061	40,693	1,288	62,539
<i>Accumulated depreciation</i>					
At beginning of year	6,589	9,995	29,311	-	45,895
Charge for year	237	-	2,900	-	3,137
Disposal	-	-	(14)	-	(14)
At 30 June 2023	6,826	9,995	32,197	-	49,018
<i>Net book value</i>					
At 30 June 2023	3,671	66	8,496	1,288	13,521
At 30 June 2022	3,908	66	11,130	725	15,829

Contractual commitments on capital expenditure are disclosed in note 22.

Notes to the financial statements *(continued)*

13 Right-of-use assets

The Company has lease contracts for various offices, warehouses, equipment and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases is as follows:

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2023	2022
	£000	£000
<i>Right-of-use assets</i>		
Land and buildings	-	136
Plant and machinery	225	351
Vehicles	103	207
Other	482	799
	<hr/>	<hr/>
	810	1,493
	<hr/>	<hr/>
<i>Lease liabilities</i>		
Current	782	1,208
Non-current	492	1,123
	<hr/>	<hr/>
	1,274	2,331
	<hr/>	<hr/>

There were no additions to the right-of-use assets during the year (2022: £361,000).

(ii) Amounts recognised in the statement of comprehensive income

The income statement shows the following charges relating to leases:

	2023	2022
	£000	£000
<i>Depreciation charge of right-of-use assets</i>		
Land and buildings	136	463
Plant and machinery	126	126
Vehicles	104	109
Other	317	324
	<hr/>	<hr/>
	683	1,022
	<hr/>	<hr/>
Interest expense (included in finance cost, see note 9)	43	82
Expense relating to short-term leases (included in administrative expenses)	-	-
Expense relating to low value assets (included in administrative expenses)	60	64
	<hr/>	<hr/>
	103	146
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

13 Right-of-use assets *(continued)*

Future minimum lease payments as at 30 June 2023 and 30 June 2022 are as follows:

	2023	2022
	£000	£000
No later than one year	801	1,245
Later than one year but not later than five years	507	1,146
	<hr/>	<hr/>
Total gross payments	1,308	2,391
Impact of finance expenses	(34)	(60)
	<hr/>	<hr/>
Carrying amount of liability	1,274	2,331
	<hr/> <hr/>	<hr/> <hr/>

The total cash outflow for leases in the year was £1,152,000 (2022: £1,567,000).

Notes to the financial statements *(continued)*

14 Investments

	Shares in Group undertakings £000
<i>Cost</i>	
At 1 July 2022 and 30 June 2023	5,618
	=====
<i>Provisions</i>	
At 1 July 2022 and 30 June 2023	-
	=====
<i>Net book value</i>	
At 30 June 2023	5,618
	=====
At 30 June 2022	5,618
	=====

Subsidiary undertakings

The Company owns the entire ordinary share capital of the following entities. All companies are incorporated in the UK and do not trade.

Darcy Limited (a)
Darcy Bolton Property Limited (a)
Darcy Bolton Limited (a)
HomePride Limited (a)
Breckland Mouldings Limited (a)
Camille Simon Holdings Limited (a)
Camille Simon Limited (a)
G Garnett & Sons Limited (a)
G Garnett Estates Limited (a)
H H Limited (a)
Hugo Personal Care Limited (a)
International Consumer Products Limited (a)
Longthorne Laboratories Limited (a)
McBrides Limited (a)
McBride UK Limited (a)
RMG (Droylsden) Limited (a)
Robert McBride (Aerosols) Limited (a)
Robert McBride (Bradford) Limited (a)
Robert McBride (Properties) Limited (a)
Detergent Information Limited (a)
Robert McBride Household Limited (a)
Robert McBride Pension Fund Trustees Limited (a)
Savident Limited (a)

(a) Registered office address: Middleton Way, Middleton, Manchester M24 4DP.

In the opinion of the Directors the value of shares in the Company's subsidiaries, all of which are wholly owned, is not less than the amount at which these are shown in the balance sheet.

Notes to the financial statements *(continued)*

15 Stocks

	2023	2022
	£000	£000
Raw materials and consumables	5,525	5,304
Work in progress	873	638
Finished goods and goods for resale	9,296	8,547
	<u>15,694</u>	<u>14,489</u>

The replacement value of stocks is not materially different from the balance sheet value. Inventories are stated after provisions for impairment of £666,000 (2022: £1,421,000).

16 Debtors

	2023	2022
	£000	£000
<i>Amounts falling due within one year:</i>		
Trade debtors	18,667	25,432
Amounts owed by Group undertakings	53,166	39,410
Derivative financial instruments	16	199
Prepayments and accrued income	3,414	1,714
Other debtors	960	765
Deferred tax	29,686	23,426
	<u>105,909</u>	<u>90,946</u>

All trade debtors are receivable within one year. Trade debtors are stated after provisions for impairment of £471,000 (2022: £466,000).

Amounts owed by Group undertakings includes £15,505,000 (2022: £3,000) receivable from McBride plc, the ultimate parent company, in respect of the Group's cash pooling facility.

Amounts owed by Group undertakings also includes a loan receivable from the ultimate parent in the amount of £37,000,000 (2022: £37,000,000). It is unsecured, non-interest bearing, has no fixed repayment date and is repayable on demand.

The remaining amounts owed by Group companies are trading balances.

Derivative financial instruments comprise the foreign currency derivatives that are held by the company in designated hedging relationships. Foreign currency forward contracts are measured by reference to prevailing forward exchange rates.

Notes to the financial statements *(continued)*

16 Debtors *(continued)*

The elements and movements of deferred tax are as follows:

	Accelerated tax depreciation	Retirement benefit obligations	Tax losses	Other	Total
	£000	£000	£000	£000	£000
At 30 June 2021 (unaudited)	6,342	7,324	5,211	321	19,198
(Charge)/credit to income statement	(1,541)	(873)	8,350	270	6,206
Credit/(charge) to other comprehensive income	-	(2,879)	-	(128)	(3,007)
Other movement	-	-	-	74	74
Effect of change in tax rate	479	-	293	183	955
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2022	5,280	3,572	13,854	720	23,426
Credit to income statement	(987)	(887)	4,522	99	2,747
Credit to other comprehensive income	-	3,485	-	28	3,513
Other movement	-	-	-	-	-
Effect of change in tax rate	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	4,293	6,170	18,376	847	29,686
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Company has tax credits and other deductible temporary differences that have the potential to reduce future tax liabilities. Deferred tax assets are recognised to the extent that recovery is probable against the future reversal of taxable temporary differences and projected taxable income. At 30 June 2023, the Company recognised deferred tax assets of £29,686,000 (2022: £23,426,000). Deferred tax assets amounting to £7,038,000 (2022: £7,038,000) were not recognised in respect of advanced corporation tax. The Directors have considered the future profitability of the Company and have prepared profit and cash flow forecasts into the future which support the recognition of the deferred tax assets

The Finance Act 2016, published on 15 September 2016, included legislation reducing the main rate of UK corporation tax to 17% with effect from 1 April 2020. This legislation was repealed with effect from 17 March 2020. The main rate of UK corporation tax applicable from 1 April 2020 remained at 19%. On 1 April 2023 the UK tax rate increased from 19% to 25% and the UK corporation tax liability for the year has therefore been calculated at 20.5%. Deferred tax has been calculated at the 25% rate which is effective from 1 April 2023.

Notes to the financial statements *(continued)*

17 Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Bank loans and overdraft	12,836	20,067
Trade creditors	27,129	24,508
Derivative financial instruments	242	11
Amounts owed to Group undertakings	10,495	10,339
Other creditors	1,207	655
Intercompany Group relief	11,476	11,476
Other taxation and social security	3,271	3,461
Accruals and deferred income	5,725	1,838
Lease liabilities (note 13)	782	1,208
	<u>73,163</u>	<u>73,563</u>

Bank loans and overdrafts relate to a £20m invoice discounting facility provided by HSBC Bank, which is available until September 2024.

There is a £600,000 (2022: £600,000) counter indemnity provided to KBC Bank. This relates to a Bank Guarantee provided by KBC to HM Revenues & Customs in the event of the non-payment of deferred duty liabilities.

The amounts owed to Group companies represent trading balances.

18 Creditors: amounts falling due after more than one year

	2023	2022
	£000	£000
Amounts owed to Group undertakings	9,770	28,965
Lease liabilities (note 13)	492	1,123
	<u>10,262</u>	<u>30,088</u>

Notes to the financial statements (*continued*)

19 Provisions for liabilities

	Leasehold dilapidation £000	Reorganisation and restructuring £000	Other £000	Total £000
At 1 July 2022	1,386	474	506	2,366
Charged to profits in the year	256	(3)	-	253
Utilised in year	-	(423)	(379)	(802)
At 30 June 2023	<u>1,642</u>	<u>48</u>	<u>127</u>	<u>1,817</u>

Leasehold dilapidation

The leasehold dilapidation provision relates to costs expected to be incurred to restore leased properties to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to undertake restoration works. There is a high level of certainty that amounts will be utilised as the respective leases end and restoration works are carried out, within twelve months of the balance sheet date.

Reorganisation and restructuring

The reorganisation and restructuring costs in the year comprised of £3,000 reversal of costs relating to Project Compass. The closing provision comprises of £48,000 relating to the logistics transformation programme. The provisions are expected to be fully utilised with a high level of certainty within twelve months of the balance sheet date.

Other

Other provisions comprise of £127,000 concerning onerous lease obligations. The liability is expected to be settled with a high level of certainty within twelve months of the balance sheet date.

20 Pension liability

Within the UK, the Company operates the Robert McBride Pension Fund, which is a final salary pension scheme, and also defined contribution schemes. Together, these schemes cover most of the Company's employees.

In line with many other companies, the Directors have considered the potential uncertainty and long-term cost to the Company of continuing to offer a defined benefit pension scheme. Accordingly, in 2002 the Board closed, to new entrants, the Robert McBride Pension Fund and established a new defined contributions scheme for UK employees. Following consultation with staff and the UK plan's Trustees, the UK Defined Benefit plan was closed to future service accrual from 29 February 2016.

The Fund is administered and managed by Robert McBride Pension Fund Trustees Limited ("the Trustee"), in accordance with the terms of a governing Trust Deed and relevant legislation. Regular assessments of the Fund's benefit obligations are carried out by an independent actuary on behalf of the Trustee and long-term contribution rates are agreed between the Trustee and the Company on the basis of the actuary's recommendations. Following the last triennial valuation at 31 March 2018, the Company and Trustee agreed a new deficit reduction plan based on the scheme funding deficit of £47.0 million. The deficit cash funding requirement of £4,000,000 per annum, payable until 31 March 2028, took effect from 1 April 2018. It is considered that the scheme is not exposed to any significant risks.

Notes to the financial statements *(continued)*

20 Pension liability *(continued)*

A qualified independent actuary carried out a full actuarial valuation of the defined benefit scheme as at 31 March 2021. The results of that valuation have been projected to 30 June 2023 and then updated based on the assumptions disclosed in the table below.

	2023	2022
Future pension increases	1.84%	2.18%
Discount rate	5.30%	3.70%
Retail Price Inflation	3.25%	3.10%
Consumer Price Inflation	2.60%	2.45%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

At 30 June 2023, the sensitivity of the benefit obligation to a 0.5% increase and decrease in the discount rate assumptions resulted in no change to the scheme liabilities.

The mortality assumptions are based on the Medically Underwritten Mortality Study (MUMS) which was carried out for a sample group of Fund members, with a postcode analysis applied for the remainder of the membership. The results of the MUMS were applied to all members and translated into mortality assumptions for use in calculating the IAS 19 scheme liabilities. Specifically, a rating of 102% (2022: 102%) of the standard Self-Administered Pension Scheme (SAPS) S2 tables has been used for the IAS 19 disclosures as at 30 June 2023.

As at 30 June 2023, the future mortality improvement model has been updated to reflect the most recent Continuous Mortality Investigation (CMI) 2022 projections. The 2022 CMI model has a core smoothing parameter for which we have adopted a value of 7.0, compared to 7.0 per the 2021 CMI model. There is also an initial addition parameter of 0.25%, which is in line with the prior year model.

On this basis, the average life expectancies assumed for members of the Fund after retirement at age 65 are as follows:

	2023	2022
Member retiring in the next year:	Years	Years
Male	20.8	21.2
Female	23.0	23.4
Member retiring 20 years from now:		
Male	21.8	22.2
Female	24.2	24.6

At 30 June 2023, the sensitivity of the benefit obligation to changes in the principal assumptions was as follows (assuming in each case that the other assumptions are unchanged):

Change in assumption	Increase in assumption	Decrease in assumption
Discount rate +/- 0.1%	Decrease by £1,200,000	Increase by £1,200,000
Inflation rate +/- 0.1%	Increase by £800,000	Decrease by £800,000
Life expectancy + 1 year at age 65	Increase by £3,000,000	- n/a

The above sensitivity analyses are based on a change in an assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (that is, present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Notes to the financial statements *(continued)*

20 Pension liability *(continued)*

The Fund's assets are held separately from those of the Group and are managed by professional investment managers on behalf of the Trustee.

The Trustee maintains a significant portfolio of return-seeking assets that are expected to produce returns in excess of the yield on UK government bonds. The Fund's return-seeking assets continue to be predominantly held within managed funds that are designed to achieve equity-like returns over the long term but with significantly less volatility than would be experienced if the Fund had invested directly in equities.

The Fund holds no investment in securities issued by, nor any property used by, McBride plc or any of its subsidiaries. The fair value and expected return on the Fund's assets at the end of the year was as follows:

	Long-term rate of return expected at 30 June 2023	Value at 30 June 2023	Long-term rate of return expected at 30 June 2022	Value at 30 June 2022
		£000		£000
Private markets	27.00%	19,829	19.01%	19,466
Liability-driven investment	22.10%	16,194	18.95%	19,390
Credit	49.80%	36,558	61.99%	63,420
Cash	1.10%	801	0.05%	52
		<hr/>		<hr/>
Total market value of assets		73,382		102,328
		<hr/> <hr/>		<hr/> <hr/>

All of the Fund's assets are held in pooled funds. They are classified as Level 2 instruments, as they are not quoted on any stock exchange, although their value is directly related to the value of the underlying holdings.

The expected return on the Fund's assets must be set to be in line with the discount rate used to value the Fund's liabilities. This equates to an expected return over the year of £3,750,000 (2022: £2,420,000).

The actual return on the Fund's assets during the year was £26,952,000 (2022 £26,719,000).

Movement in the present value of scheme assets during the year:

	2023	2022
	£000	£000
Scheme assets at start of year	102,328	132,600
Expected return on scheme assets	3,750	2,420
Actuarial losses	(30,702)	(29,139)
Employer contributions	4,000	4,000
Benefits paid	(5,994)	(7,553)
	<hr/>	<hr/>
Scheme assets at end of year	73,382	102,328
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

20 Pension liability *(continued)*

Movement in the present value of scheme liabilities during the year:

	2023	2022
	£000	£000
Scheme liabilities at start of year	(116,612)	(161,894)
Interest cost	(4,205)	(2,926)
Remeasurement gain/(loss) arising from changes in financial assumptions	24,284	38,262
Remeasurement gain/(loss) arising from changes in demographic assumptions	1,943	2,393
Experience gain/(loss) on liabilities	(9,466)	-
Benefits paid	5,994	7,553
	<u> </u>	<u> </u>
Scheme liabilities at end of year	<u>(98,062)</u>	<u>(116,612)</u>

Movement in deficit during the year:

	2023	2022
	£000	£000
Deficit in scheme at start of year	(14,284)	(29,294)
Contributions	4,000	4,000
Other finance charge	(455)	(506)
Actuarial gain/(loss)	(13,941)	11,516
	<u> </u>	<u> </u>
Deficit in scheme at end of year	<u>(24,680)</u>	<u>(14,284)</u>

The Company contributed £4,000,000 towards the Fund over the year to 30 June 2023 (2022: £4,000,000).

Analysis of amount charged to finance cost:

	2023	2022
	£000	£000
Expected return on pension scheme assets	3,750	2,420
Interest on pension scheme liabilities	(4,205)	(2,926)
	<u> </u>	<u> </u>
	<u>(455)</u>	<u>(506)</u>

Notes to the financial statements (*continued*)

20 Pension liability (*continued*)

Analysis of amount recognised in the statement of other comprehensive income:

	2022	2022
	£000	£000
Actual return on pension scheme assets	(26,952)	(26,719)
Expected return on pension scheme assets	(3,750)	(2,420)
	<hr/>	<hr/>
Actual return less expected return on pension scheme assets	(30,702)	(29,139)
Changes in assumptions underlying the present value of scheme liabilities	24,284	40,655
	<hr/>	<hr/>
Actuarial loss recognised in the other comprehensive income	(6,418)	11,516
	<hr/> <hr/>	<hr/> <hr/>

The pension cost charge for the year for the defined contribution schemes represents contributions payable by the Company to the scheme and amounted to £1,227,000 (2022: £1,274,000). Contributions amounting to £220,000 were payable at 30 June 2022 and are included in creditors (2022: £212,000).

21 Called-up share capital and reserves

Share Capital

	2023	2023	2022	2022
	Number	£000	Number	£000
<i>Allotted, called-up and fully paid</i>				
Ordinary shares of 10p each	304,394,461	30,440	304,394,461	30,440
	<hr/>	<hr/>	<hr/>	<hr/>

All rank pari passu in all respects.

Reserves

(a) Share premium account

The share premium account records the difference between the nominal amount of shares issued and the fair value of the consideration received. The share premium account may be used for certain purposes specified by UK law, including to write off expenses incurred on any issue of shares or debentures and to pay up fully paid bonus shares. The share premium account is not distributable but may be reduced by special resolution of the Company's ordinary shareholders and with court approval.

(b) Cash flow hedge reserve

The cash flow hedge reserve comprises the cumulative net change in the fair value of hedging instruments in designated cash flow hedging relationships recognised in other comprehensive income.

Notes to the financial statements *(continued)*

21 Called-up share capital and reserves *(continued)*

(c) Currency translation reserve

The currency translation reserve comprises cumulative currency translation differences on the translation of the Group's net investment in foreign operations into Sterling together with the cumulative net change in the fair value of hedging instruments in designated net investment hedging relationships recognised in other comprehensive income.

(d) Capital redemption reserve

The capital redemption reserve records the cost of shares purchased by the Company for cancellation or redeemed in excess of the proceeds of any fresh issue of shares made specifically to fund the purchase or redemption. The capital redemption reserve is not distributable but may be reduced by special resolution of the Company's ordinary shareholders and with court approval.

22 Financial commitments

(a) Capital commitments

	2023	2022
	£000	£000
Authorised and contracts placed	361	107

(b) Derivative financial instruments

At 30 June 2023, the Company had future commitments of foreign exchange contracts of €16,425,000 (2022: €15,480,000) and commodity forwards of £nil (2022: £nil). The fair value of these contracts, as determined by reference to market values versus contractual values at the balance sheet date, is £227,000 lower (2022: £188,000 higher) for foreign exchange contracts. These contracts are denominated in a non-functional currency and are translated at the Sterling: Euro exchange rate of £1:€1.1651.

(c) Right-of-use assets

On 27th July 2023, the Group entered into a lease agreement with future cash flows of £1.7 million

23 Ultimate parent company

The Company is a wholly-owned subsidiary of McBride Holdings Limited. McBride plc is the ultimate parent Company and controlling party and is incorporated in the United Kingdom and registered in England and Wales.

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