

PECAN DELUXE CANDY (EUROPE) LTD

COMPANY NUMBER 2704966

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 SEPTEMBER 2021**

**HARRISON SHIPLEY
CHARTERED CERTIFIED ACCOUNTANTS
35 POTTER STREET
WORKSOP
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THURSDAY



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Pecan Deluxe Candy (Europe) Ltd

Financial Statements

Year ended 30 September 2021

Contents	Page
Strategic report	1
Directors' report	3
Independent auditor's report to the members	5
Statement of income and retained earnings	9
Statement of financial position	10
Statement of cash flows	11
Notes to the financial statements	12
The following pages do not form part of the financial statements	
Detailed income statement	22
Notes to the detailed income statement	23

Pecan Deluxe Candy (Europe) Ltd

Strategic Report

Year ended 30 September 2021

Business Overview

We are an innovative confectionary manufacturer, employing over 100 people, with a particular emphasis in the food inclusions industry. The company operates from premises in the heart of Yorkshire. As well as traditional confectionary (toffees & fudges) we produce innovative specialist inclusions in bakery, specialist nuts, blends & sauces and various chocolate products and shapes.

Markets and Trends

As global inclusion specialists our market is seen as worldwide. Our customer base is strong in Europe and we see emerging markets such as Russia, Turkey, Ukraine, the Middle East & South Africa as a high growth area for our products. Pecan Deluxe Candy Co, based in Dallas, Texas, USA, is our parent company and has over 60 years of experience in the industry. We have also developed and launched a website in order to allow us to develop our e-commerce business. Our business has been built on service and innovation. We continue to invest in Research & Development which has helped us mastermind some of the most famous ice cream inclusions and capture the imagination of many in the food service industry. Our customer base includes well known High St brands and quick service restaurants which we supply with a variety of tasty and textures products. We believe that these customers will continue to search for new ideas and products as there is a growing trend for holistic foods. With our reputation as a tailor and inclusions specialist, customers come to us looking for solutions and to help differentiate and add value to new ideas they are trying to bring to the market; for today's changing nutritional and health requirements.

Objectives

Our objectives are simple. We hope to continue growing our turnover and profitability to give our shareholders maximum return and place ourselves as market leaders in product quality and innovation. We aim to provide our customers with value added and affordable solutions and provide guidance and advice on ingredients, product integration and presentation.

Risk

Operating in a global market and in particular with Europe, there is uncertainty as to the outcome of 'Brexit' negotiations. The effect on the currency exchange rates may have a bearing as we price in Euros to our European customers. Commodity prices may also vary (eg. Butter and sugar) according to the worldwide economies and uncertainties. If no 'trade deal' was reached, then we may have to create a new department to deal with all the Export documentation which would result. There is also the risk of tariffs being applied to our products making us less competitive within Europe and unable to give accurate pricing until there is more clarity on what will happen. Our European customers are also looking to mitigate their own risks of Brexit by looking to alternative supply options and other EU based manufacturers.

Future

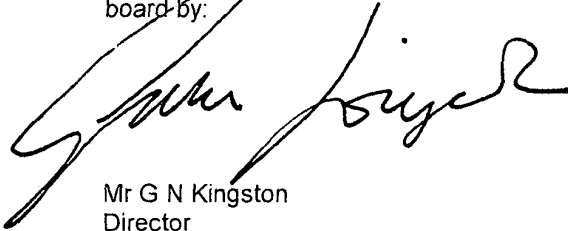
We are confident that we will continue to increase our sales and profitability. We have completed a £3m investment program in factory development and improving our production methods, and continue to try and spread our sales by developing markets in coffee chains, restaurant chains, chilled deserts and bakery products not only in Europe but also in the expanding markets of Asia and Australia. Our R&D department is constantly looking for new ways to advance the scope of our praline inclusions, creating new flavours and applications such as chocolate, bakery products and snack mixes. We also see a growing opportunity in the online market place and have as such developed and launched our own website which we expect to gain traffic and business over coming years. The business is already pivoting into new areas including retail, wholesale and nutrition.

Pecan Deluxe Candy (Europe) Ltd

Strategic Report *(continued)*

Year ended 30 September 2021

This report was approved by the board of directors on 13 January 2022 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'G N Kingston', written over a horizontal line.

Mr G N Kingston
Director

Registered office:
F7 First Floor Lincoln House
Lincoln Way
Ashbrooke Park
Sherburn in Elmet
Leeds
LS25 6PJ

Pecan Deluxe Candy (Europe) Ltd

Directors' Report

Year ended 30 September 2021

The directors present their report and the financial statements of the company for the year ended 30 September 2021.

Directors

The directors who served the company during the year were as follows:

Mr J Brigham
Mr G N Kingston

Dividends

The directors do not recommend the payment of a dividend.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

Pecan Deluxe Candy (Europe) Ltd

Directors' Report *(continued)*

Year ended 30 September 2021

This report was approved by the board of directors on 13 January 2022 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'G N Kingston', is written over the text 'board by:'.

Mr G N Kingston
Director

Registered office:
F7 First Floor Lincoln House
Lincoln Way
Ashbrooke Park
Sherburn in Elmet
Leeds
LS25 6PJ

Pecan Deluxe Candy (Europe) Ltd

Independent Auditor's Report to the Members of Pecan Deluxe Candy (Europe) Ltd

Year ended 30 September 2021

Opinion

We have audited the financial statements of Pecan Deluxe Candy (Europe) Ltd (the 'company') for the year ended 30 September 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Pecan Deluxe Candy (Europe) Ltd

Independent Auditor's Report to the Members of Pecan Deluxe Candy (Europe) Ltd *(continued)*

Year ended 30 September 2021

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Pecan Deluxe Candy (Europe) Ltd

Independent Auditor's Report to the Members of Pecan Deluxe Candy (Europe) Ltd *(continued)*

Year ended 30 September 2021

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental affect on its operations. Key laws and regulations that are identified included the UK Companies Act tax legislation, food hygiene regulations and occupational health and employment legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- Having gained an understanding of the controls the directors have in place we enquired about any incidences of fraud that had taken place during the accounting period.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Pecan Deluxe Candy (Europe) Ltd

Independent Auditor's Report to the Members of Pecan Deluxe Candy (Europe) Ltd *(continued)*

Year ended 30 September 2021

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Mr W Milligan (Senior Statutory Auditor)

For and on behalf of
Harrison Shipley
Chartered Certified Accountants & statutory auditor
35 Potter Street
Worksop
Notts
S80 2AE

13 January 2022

Pecan Deluxe Candy (Europe) Ltd
Statement of Income and Retained Earnings
Year ended 30 September 2021

	Note	2021 £	2020 £
Turnover	4	12,936,269	12,929,647
Cost of sales		<u>8,531,626</u>	<u>9,113,370</u>
Gross profit		4,404,643	3,816,277
Distribution costs		575,000	365,095
Administrative expenses		3,796,761	4,117,056
Other operating income		<u>137,938</u>	<u>-</u>
Operating profit/(loss)	5	170,820	(665,874)
Other interest receivable and similar income	9	280	56
Interest payable and similar expenses	10	<u>(16,098)</u>	<u>153,035</u>
Profit/(loss) before taxation		187,198	(818,853)
Tax on profit/(loss)	11	<u>(179,397)</u>	<u>(174,084)</u>
Profit/(loss) for the financial year and total comprehensive income		<u>366,595</u>	<u>(644,769)</u>
Retained earnings at the start of the year		<u>2,670,262</u>	<u>3,315,031</u>
Retained earnings at the end of the year		<u>3,036,857</u>	<u>2,670,262</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

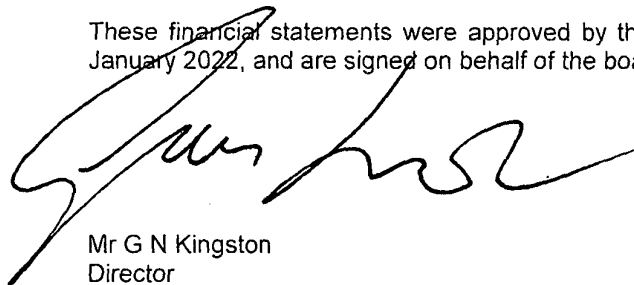
Pecan Deluxe Candy (Europe) Ltd

Statement of Financial Position

30 September 2021

	Note	2021		2020
		£	£	£
Fixed assets				
Tangible assets	12		6,248,433	6,763,805
Current assets				
Stocks	13	1,253,328		1,195,255
Debtors	14	2,076,077		2,623,954
Cash at bank and in hand		165,498		35,780
		<u>3,494,903</u>		<u>3,854,989</u>
Creditors: amounts falling due within one year	16	<u>1,554,484</u>		<u>2,126,786</u>
Net current assets			<u>1,940,419</u>	<u>1,728,203</u>
Total assets less current liabilities			<u>8,188,852</u>	<u>8,492,008</u>
Creditors: amounts falling due after more than one year	17		2,153,704	2,644,058
Provisions				
Taxation including deferred tax	19		156,286	335,683
Net assets			<u>5,878,862</u>	<u>5,512,267</u>
Capital and reserves				
Called up share capital	22		2,835,000	2,835,000
Share premium account	23		7,005	7,005
Profit and loss account	23		3,036,857	2,670,262
Shareholders funds			<u>5,878,862</u>	<u>5,512,267</u>

These financial statements were approved by the board of directors and authorised for issue on 13 January 2022, and are signed on behalf of the board by:



Mr G N Kingston
Director

Company registration number: 2704966

The notes on pages 12 to 20 form part of these financial statements.

Pecan Deluxe Candy (Europe) Ltd

Statement of Cash Flows

Year ended 30 September 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) for the financial year		366,595	(644,769)
<i>Adjustments for:</i>			
Depreciation of tangible assets		614,061	668,967
Other interest receivable and similar income		(280)	(56)
Interest payable and similar expenses		(16,098)	153,035
Tax on profit/(loss)		(179,397)	(174,084)
Accrued (income)/expenses		(101,875)	54,230
<i>Changes in:</i>			
Stocks		(58,073)	495,267
Trade and other debtors		547,877	(746,445)
Trade and other creditors		89,810	161,482
Cash generated from operations		1,262,620	(32,373)
Interest paid		16,098	(153,035)
Interest received		280	56
Tax received		-	509,765
Net cash from operating activities		<u>1,278,998</u>	<u>324,413</u>
Cash flows from investing activities			
Purchase of tangible assets		(98,689)	(214,041)
Net cash used in investing activities		<u>(98,689)</u>	<u>(214,041)</u>
Cash flows from financing activities			
Proceeds from loans from group undertakings		(687,688)	(133,209)
Payments of finance lease liabilities		(38,882)	(60,746)
Net cash used in financing activities		<u>(726,570)</u>	<u>(193,955)</u>
Net increase/(decrease) in cash and cash equivalents		453,739	(83,583)
Cash and cash equivalents at beginning of year		(288,241)	(204,658)
Cash and cash equivalents at end of year	15	<u>165,498</u>	<u>(288,241)</u>

The notes on pages 12 to 20 form part of these financial statements.

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements

Year ended 30 September 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is F7 First Floor Lincoln House, Lincoln Way, Ashbrooke Park, Sherburn in Elmet, Leeds, LS25 6PJ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 September 2021

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Buildings	-	4-10% on cost
Plant & Machinery	-	10% on cost
Equipment	-	20% on cost

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 September 2021

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements (continued)

Year ended 30 September 2021

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	<u>12,936,269</u>	<u>12,929,647</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	3,948,194	3,620,206
Rest of World	8,988,075	9,309,441
	<u>12,936,269</u>	<u>12,929,647</u>

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Depreciation of tangible assets	614,061	668,967
Impairment of trade debtors	(1,000)	1,000
Operating lease rentals	<u>51,408</u>	<u>52,177</u>

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 September 2021

6. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>8,900</u>	<u>8,100</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Production staff	78	72
Administrative staff	<u>47</u>	<u>49</u>
	<u>125</u>	<u>121</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	3,320,710	3,802,867
Social security costs	295,804	317,018
Other pension costs	<u>77,267</u>	<u>50,481</u>
	<u>3,693,781</u>	<u>4,170,366</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	<u>256,656</u>	<u>240,693</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	<u>256,656</u>	<u>240,693</u>

9. Other interest receivable and similar income

	2021	2020
	£	£
Interest on cash and cash equivalents	<u>280</u>	<u>56</u>

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements (continued)

Year ended 30 September 2021

10. Interest payable and similar expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	(113,632)	44,367
Interest on obligations under finance leases and hire purchase contracts	739	806
Other interest payable and similar charges	<u>96,795</u>	<u>107,862</u>
	<u>(16,098)</u>	<u>153,035</u>

11. Tax on profit/(loss)

Major components of tax income

	2021 £	2020 £
Current tax:		
UK current tax income	–	(509,767)
Deferred tax:		
Origination and reversal of timing differences	<u>(179,397)</u>	<u>335,683</u>
Tax on profit/(loss)	<u>(179,397)</u>	<u>(174,084)</u>

12. Tangible assets

	Land and buildings £	Plant and machinery £	Equipment £	Total £
Cost				
At 1 October 2020	4,088,730	5,534,275	460,768	10,083,773
Additions	–	82,231	16,458	98,689
At 30 September 2021	<u>4,088,730</u>	<u>5,616,506</u>	<u>477,226</u>	<u>10,182,462</u>
Depreciation				
At 1 October 2020	284,354	2,677,968	357,646	3,319,968
Charge for the year	107,018	464,348	42,695	614,061
At 30 September 2021	<u>391,372</u>	<u>3,142,316</u>	<u>400,341</u>	<u>3,934,029</u>
Carrying amount				
At 30 September 2021	<u>3,697,358</u>	<u>2,474,190</u>	<u>76,885</u>	<u>6,248,433</u>
At 30 September 2020	<u>3,804,376</u>	<u>2,856,307</u>	<u>103,122</u>	<u>6,763,805</u>

Hire Purchase Agreements

Assets costing £156,857 have been financed by HP which has a balance of £Nil outstanding at the year end (2020: £38,025)

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 September 2021

13. Stocks

	2021	2020
	£	£
Raw materials and consumables	600,946	483,730
Work in progress	112,418	84,484
Finished goods and goods for resale	539,964	627,041
	<u>1,253,328</u>	<u>1,195,255</u>

14. Debtors

	2021	2020
	£	£
Trade debtors	1,732,757	1,817,787
Prepayments and accrued income	262,596	200,979
Corporation tax repayable	-	509,767
Other debtors	80,724	95,421
	<u>2,076,077</u>	<u>2,623,954</u>

15. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2021	2020
	£	£
Cash at bank and in hand	165,498	35,780
Bank overdrafts	-	(324,021)
	<u>165,498</u>	<u>(288,241)</u>

16. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	-	324,021
Trade creditors	676,661	595,768
Amounts owed to group undertakings	620,086	817,420
Accruals and deferred income	146,434	248,309
Social security and other taxes	81,640	74,548
Obligations under finance leases and hire purchase contracts	(857)	38,025
Other creditors	30,520	28,695
	<u>1,554,484</u>	<u>2,126,786</u>

17. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Amounts owed to group undertakings	<u>2,153,704</u>	<u>2,644,058</u>

Santander have a fixed and floating charge on all assets present and future of the company.

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 September 2021

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2021	2020
	£	£
Not later than 1 year	<u>(857)</u>	<u>38,025</u>

19. Provisions

	Deferred tax (note 20) £
At 1 October 2020	335,683
Charge against provision	<u>(179,397)</u>
At 30 September 2021	<u>156,286</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in provisions (note 19)	<u>156,286</u>	<u>335,683</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £64,098 (2020: £35,411).

22. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	1,235,000	1,235,000	1,235,000	1,235,000
Preference shares of £1 each	1,600,000	1,600,000	1,600,000	1,600,000
	<u>2,835,000</u>	<u>2,835,000</u>	<u>2,835,000</u>	<u>2,835,000</u>

The redeemable shares carry no voting rights, are not entitled to any dividend and are redeemable at the option of the shareholder at any time after 1st October 2023.

Pecan Deluxe Candy (Europe) Ltd

Notes to the Financial Statements *(continued)*

Year ended 30 September 2021

23. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

24. Analysis of changes in net debt

	At 1 Oct 2020	Cash flows	At 30 Sep 2021
	£	£	£
Cash at bank and in hand	35,780	129,718	165,498
Bank overdrafts	(324,021)	324,021	-
Debt due within one year	(855,445)	236,216	(619,229)
Debt due after one year	(2,644,058)	490,354	(2,153,704)
	<u>(3,787,744)</u>	<u>1,180,309</u>	<u>(2,607,435)</u>

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Later than 1 year and not later than 5 years	33,000	33,000
Later than 5 years	60,869	93,869
	<u>93,869</u>	<u>126,869</u>

26. Related party transactions

The company trades with its ultimate controlling party (see Note 27) who is a supplier and is included in Creditors due within one year for £Nil (2020 - £Nil) and as a customer included in Debtors for £Nil (2020 - £Nil).

27. Ultimate controlling party

The ultimate controlling party of the company is Pecan Deluxe Candy Company which is incorporated in the USA and owns 100% of the company's issued share capital.

28. Deferred taxation

	2021	2020
	£	£
Timing Differences	1,910,352	2,067,336
Tax Losses carried forward	(1,087,792)	(300,582)
	<u>822,560</u>	<u>1,766,754</u>
Provision at 19% carried forward	<u>156,286</u>	<u>335,683</u>

Pecan Deluxe Candy (Europe) Ltd

Management Information

Year ended 30 September 2021

The following pages do not form part of the financial statements.

Pecan Deluxe Candy (Europe) Ltd

Detailed Income Statement

Year ended 30 September 2021

	2021 £	2020 £
Turnover		
UK	3,948,194	3,620,206
Rest of World	8,988,075	9,309,441
	<u>12,936,269</u>	<u>12,929,647</u>
Cost of sales		
Cost of sales	6,163,094	6,465,142
Wages and salaries	2,171,255	2,467,584
Social security costs	168,244	180,644
Pension costs - defined contribution	29,033	-
	<u>8,531,626</u>	<u>9,113,370</u>
Gross profit	<u>4,404,643</u>	<u>3,816,277</u>
Overheads		
Distribution costs	575,000	365,095
Administrative expenses	3,796,761	4,117,056
	<u>4,371,761</u>	<u>4,482,151</u>
Other operating income	137,938	-
Operating profit/(loss)	<u>170,820</u>	<u>(665,874)</u>
Other interest receivable and similar income	280	56
Interest payable and similar expenses	16,098	(153,035)
Profit/(loss) before taxation	<u>187,198</u>	<u>(818,853)</u>

Pecan Deluxe Candy (Europe) Ltd

Notes to the Detailed Income Statement

Year ended 30 September 2021

	2021 £	2020 £
Distribution costs		
Other distribution costs	<u>575,000</u>	<u>365,095</u>
Administrative expenses		
Directors salaries	215,178	197,692
Directors national insurance contributions	28,309	27,931
Directors pension contributions	13,169	15,070
Wages and salaries	934,277	1,137,591
Staff national insurance contributions	99,251	108,443
Staff pension contributions - defined contribution	35,065	35,411
Rent rates and water	179,715	185,455
Light and heat	277,983	296,273
Insurance	150,597	153,597
Repairs and maintenance (allowable)	354,792	364,191
Factory expenses	361,566	348,859
Motor expenses	5,109	7,357
Travel and subsistence	22,629	64,166
Hire costs (non-operating leases)	185,539	193,068
Telephone	27,809	12,305
Printing postage and stationery	14,711	12,574
Staff training	19,458	35,980
Other staff related expenses - staff recruitment costs	12,482	26,720
Sundry expenses	19,097	16,987
Cleaning/Waste/Safety	86,724	78,423
Subscriptions and donations	4,824	6,410
Advertising	69,945	51,918
Legal and professional fees (allowable)	648	10,175
Consultancy	438	216
Auditors remuneration	10,950	8,100
Depreciation of tangible assets	614,061	668,967
Bad debts written off	(1,000)	1,000
Financial costs	2,027	-
Other operating lease payments	51,408	52,177
	<u>3,796,761</u>	<u>4,117,056</u>
Other operating income		
Other operating income	<u>137,938</u>	<u>-</u>
Other interest receivable and similar income		
Interest on cash and cash equivalents	<u>280</u>	<u>56</u>
Interest payable and similar expenses		
Interest on bank loans and overdrafts	(113,632)	44,367
Interest on hire purchase and finance lease contracts	739	806
Other interest payable and similar charges	<u>96,795</u>	<u>107,862</u>
	<u>(16,098)</u>	<u>153,035</u>