

INDULGENCE NEWCO LIMITED
Annual Report and Financial Statements
for the period from incorporation (28 May 2021)
to 1 October 2021

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INDULGENCE NEWCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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INDULGENCE NEWCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Utting
D Dosanjh

REGISTERED OFFICE

Head Office
Dunmow Road
Bishop's Stortford
Hertfordshire
CM23 5PA

AUDITOR

Deloitte LLP
Statutory Auditor
4 Brindleyplace
Birmingham
B1 2HZ
United Kingdom

INDULGENCE NEWCO LIMITED

STRATEGIC REPORT

The directors present their strategic report for the period from incorporation (28 May 2021) to 1 October 2021.

PRINCIPAL ACTIVITY

The principal activity of Indulgence Newco Limited is an intermediate holding company. The company was incorporated on 28 May 2021. During the financial period the Company acquired the entire share capital of Gu Indulgent Foods Limited, funded partly by a share issue and partly by a parent company loan.

REVIEW OF THE BUSINESS

These financial statements are for the first period of activity for Indulgence Newco Limited. The Company is part of a Group that was formed on 9th June 2021. The Company's immediate holding company, Indulgence Bidco Limited, sold its investment of Gu Indulgent Foods Limited (formerly Noble Desserts Holdings Limited) to the Company.

KEY PERFORMANCE INDICATOR (KPI)

The Company has not identified particular key performance indicators due to its nature, being an intermediate holding company.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are as follows:

- Continuity of supply of key Ingredients/Packaging which we mitigate through having several supplier agreements. Inflation of raw materials which we have procurement strategies in place to manage. Availability of operational labour which we plan to make sure we deliver a wonderful workplace for colleagues and ensure we remain competitive on terms in the local geography.
- Food safety is a business priority and in line with BRC requirements; the site has undertaken HACCP, TACCP and VACCP assessments that cover the product quality and safety.

SECTION 172(1) STATEMENT

During the financial year the directors have complied with their duty to have regard to the matters in section 172 (1) (a)-(f) of the Companies Act 2006. The directors believe that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. They have had regard, amongst other matters, to:

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

Stakeholder engagement

The directors consider that the key stakeholders of the Group are those impacted by the inputs and outputs of the Group. These are (in no particular order): customers, suppliers, employees, banks, government organisations and industry regulators. The Group engages with each stakeholder with the appropriate level of detail and frequency depending on their specific requirements and level of influence and interest. The directors foster the Group's mutually beneficial business relationships with stakeholders through positive interactions during meetings, written communication and site visits.

The Group's engagement with its stakeholders and consideration of their respective interest is as described below:

Employees: the directors ensured all employees were aware of the objectives and results of the company through presentations, work meetings and training. They have focused in providing a positive work environment for all employees with opportunities for all to grow and achieve their potential. Employee surveys, cross-departmental

INDULGENCE NEWCO LIMITED

STRATEGIC REPORT

workplace committees and benchmarking with other employers gave the directors reassurance that the company is a fair employer and rewards their staff appropriately. The Group has established procedures with regard to ethical business practices, health and safety and human rights

Customers – The majority of the Group's customers are based in the United Kingdom, with some trade taking place with customers based in the European Union. The company collaborates with a variety of customers and our success depends on having the resources and skills necessary to guarantee superior service level, food safety, product quality and advanced communication.

Suppliers - The majority of the Group's suppliers are vendors based in the United Kingdom which provide goods and services that enable the Company to carry out its principal activities. The directors ensure that the Group acts responsibly, and in compliance with statutory regulatory and industry code of practice, when dealing with its supply base. Gu Indulgent Foods Limited has longstanding relationships with local and international suppliers ensuring conformance of quality, cost competitiveness and guaranteed sourcing.

Community and environment – Gu Indulgent Foods Limited is a significant job contributor in the area of Bishop Stortford. We continue our long-standing partnerships with FareShare and GroceryAid. FareShare is the UK's largest food redistribution charity, fighting hunger and food waste by redistributing good food that would otherwise go to waste to over 11,000 charities and community groups. GroceryAid has been looking after those in the grocery industry for 160 years.

The Company seeks to operate to the highest standards and comply with all European and UK Government environmental regulations relating to food and its packaging. The company will always consider more environmentally sustainable business models to fulfil its duty to minimise adverse environmental impacts by ensuring efficient use of materials and energy, recycling where possible, minimising waste, road miles and freight.

Principal decisions

During 2021 there was a change of ownership from Noble Foods to Exponent, this was a move inspired to unlock the long term potential of the brand and business. Exponent have put in place significant investment facilities to enable the business to grow and meet its goals. The newly established board comprises members from both the management (CEO/CFO) and Exponent with Lucien Fa being appointed as chairman. Lucien is a food and drinks specialist, with an extensive track record in developing food brands globally.

With over 40 years executive level experience, Lucien was CEO of Yoplait and held leadership roles within the global group of Danone.

FUTURE DEVELOPMENTS OF THE GROUP

The directors expect the general level of activity to increase in the forthcoming period. The directors' focus will be to put in place additional capacity at the manufacturing site to support the level of current and future growth. There will be continued focus on managing margin and delivering profitable growth whilst ensuring the cost base continues to remain appropriate for the business.

The directors also continually monitor the impact of Covid-19, and associated health requirements, on both the operations and commercial performance of the Company. To ensure continuity of operations the business has kept in place social distancing rules and infrastructure to ensure a robust supply chain remains in place. As a business operating in the food production sector commercial performance has remained robust during the Covid-19 pandemic, and the directors expect this to continue to be the case.

Approved by the Board and signed on its behalf by



D Dosanjh
Director

24 February 2022

INDULGENCE NEWCO LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the period from incorporation (28 May 2021) to 1 October 2021.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the Company and the future developments of the Group is included in the strategic report.

GOING CONCERN

The financial statements have been prepared on a going concern basis after due consideration of the principal risks and uncertainties disclosed in the Directors' Report and Strategic Report. In reaching their conclusion the Company's directors have considered the financial position of the Company and the Group to which it belongs and concluded it has adequate resources to continue in operational existence for the foreseeable future and therefore the going concern basis continues to be adopted in preparing the financial statements.

The Company's Board has given regard to the forecasts produced by management. These forecasts have been sensitised to reflect plausible downside scenarios which have been reviewed by the Company's Board of Directors.

The forecasts demonstrate that the Group is projected to generate profits and cash inflows and that the Group has sufficient liquidity to enable it to meet its obligations as they fall due for a period of at least twelve months from the date of signing these financial statements.

In considering these forecasts the Directors have taken into account the Group's borrowing facilities (which are in place until June 2028) and the related leverage covenants. The directors are confident that the Group has adequate liquidity headroom, there is no material risk of breaching leverage covenants over the next twelve months.

The Company if required can rely on the support of the parent company, Gu Food Holdings Limited, to be able to meet its liabilities as they fall due. The Directors have received a letter of support from Gu Food Holdings Limited, which provides confirmation to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing these financial statements. Given the future forecasts, the Directors have reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing these financial statements.

DIVIDENDS

No dividends were paid during the period nor proposed in respect of the year.

DIRECTORS

The directors who served during the period, unless otherwise stated, and subsequently were:

P Utting (appointed 9 June 2021)

D Dosanjh (appointed 9 June 2021)

S Davidson (appointed 28 May 2021, resigned 9 June 2021)

J Gunton (appointed 28 May 2021, resigned 9 June 2021)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of the subsidiary which the Company holds expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The activities of the Company's subsidiary expose it to the risk of changes in the Euro exchange rate and it may consequently enter into forward contracts in order to manage exposure to exchange rate fluctuations.

INDULGENCE NEWCO LIMITED

DIRECTORS' REPORT

Credit risk

The Company's subsidiary principal financial assets are bank balances and trade debtors.

The subsidiary's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group to which the Company belongs continuously monitors its exposure to credit risk and has minimal levels of doubtful debts.

The credit risk associated with cash at bank is limited because the counterparties are banks with high credit ratings.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company is part of a Group that has external finance arrangement.

AUDITOR

During the period Deloitte LLP was appointed as auditor of the Company.

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by


D Dosanjh
Director

24 February 2022

INDULGENCE NEWCO LIMITED

DIRECTORS' REPORT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of Indulgence Newco Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements Indulgence Newco Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 1st October 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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.

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 auditor's report.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate.

We discussed among the audit engagement team including relevant internal specialists such as valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance reviewing correspondence with HMRC

Report on other legal and regulatory requirements

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

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

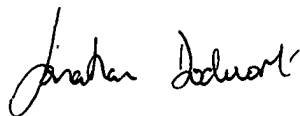
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

24 February 2022

INDULGENCE NEWCO LIMITED

PROFIT AND LOSS ACCOUNT

	Note	Period from incorporation to 1 October 2021 £'000
Interest payable and similar charges	3	(1,015)
LOSS BEFORE TAXATION		(1,015)
Taxation of profit	4	-
LOSS FOR THE FINANCIAL PERIOD		(1,015)

All activities are derived from continuing operations.

INDULGENCE NEWCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	Period from incorporation to 1 October 2021 £'000
Loss for the financial period	(1,015)
Foreign exchange movements	3
Total comprehensive loss relating to the period	<u>(1,012)</u>

INDULGENCE NEWCO LIMITED

STATEMENTS OF CHANGES IN EQUITY

	Note	Called up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
At 28 May 2021		-	-	-	-
Loss for the financial period		-	-	(1,012)	(1,012)
Total comprehensive expense		-	-	(1,012)	(1,012)
Issue of share capital	7	-	141,956	-	141,956
At 1 October 2021		-	141,956	(1,012)	140,944

INDULGENCE NEWCO LIMITED

BALANCE SHEET

	Note	1 October 2021 £'000
FIXED ASSETS		
Investments	5	173,976
 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	 6	 (33,032)
 NET ASSETS		 <u>140,944</u>
 CAPITAL AND RESERVES		
Called up share capital	7	-
Share premium	7	141,956
Profit and loss account		<u>(1,012)</u>
 SHAREHOLDERS' FUNDS		 <u>140,944</u>

These financial statements of Indulgence Newco Limited, registered number 13428126, were approved by the Board of Directors and authorised for issue on 24 February 2022

Signed on behalf of the Board of Directors



D Dosanjh

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 1 October 2021

1. ACCOUNTING POLICIES

Indulgence Newco Limited, is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The financial year represents the period from incorporation 28 May 2021 to 1 October 2021. The Company has taken advantage of s390 of the Companies Act 2006 to prepare accounts for a financial period ended 1 October 2021, being within seven days of the accounting reference date.

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

The financial statements have been prepared on a going concern basis after due consideration of the principal risks and uncertainties disclosed in the Directors' Report and Strategic Report. In reaching their conclusion the Company's directors have considered the financial position of the Company and the Group to which it belongs and concluded it has adequate resources to continue in operational existence for the foreseeable future and therefore the going concern basis continues to be adopted in preparing the financial statements.

The Company's Board has given regard to the forecasts produced by management. These forecasts have been sensitised to reflect plausible downside scenarios which have been reviewed by the Company's Board of Directors.

The forecasts demonstrate that the Group is projected to generate profits and cash inflows and that the Group has sufficient liquidity to enable it to meet its obligations as they fall due for a period of at least twelve months from the date of signing these financial statements.

In considering these forecasts the Directors have taken into account the Group's borrowing facilities (which are in place until June 2028) and the related leverage covenants. The directors are confident that the Group has adequate liquidity headroom, there is no material risk of breaching leverage covenants over the next twelve months.

The Company if required can rely on the support of the parent company, Gu Food Holdings Limited, to be able to meet its liabilities as they fall due. The Directors have received a letter of support from Gu Food Holdings Limited, which provides confirmation to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing these financial statements. Given the future forecasts, the Directors have reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing these financial statements.

Basis of preparation

The functional currency of the Company is considered to be pounds sterling because that is the operational currency of the primary economic environment in the which the Company operates.

The Company has taken advantage of the exemption (Companies Act 2006 s401) not to prepare group financial statements on the basis that the Company is included within the consolidated group financial statements of Indulgence Midco Limited which are publicly available.

The Company meets the definition of a qualifying entity under FRS102 and has therefore taken exemptions available to it in the preparation of its financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments disclosures, transactions with other wholly owned subsidiaries and remunerations of key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period ended 1 October 2021

1. ACCOUNTING POLICIES (Continued)

Investments

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

Taxation

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

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (net of transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value, unless the arrangement constitutes a financing transaction. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the period ended 1 October 2021

1. ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount for the cash or other consideration expected to be received, net of impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Critical accounting judgements and key sources of estimation uncertainty

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

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

There were no critical judgements or sources of estimation uncertainty that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company did not have any employees during the year

No directors received any remuneration for their services to the Company during the period. The directors are paid by the Company's subsidiary, Gu Indulgent Foods Limited.

Audit fees are paid for and disclosed in the accounts of the Company's subsidiary, Gu Indulgent Foods Limited.

INDULGENCE NEWCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the period ended 1 October 2021

3. INTEREST

	2021 £'000
Interest payable and similar charges	
Interest on group loans	1,015
	1,015

4. TAXATION

Factors affecting the tax charge for the period

The tax charged for the period differs from the standard rate of 19% corporation tax in the UK. The differences are explained below:

	2021 £'000
Profit before taxation	(1,012)
Tax on loss at standard rate in the UK 19%	192
Effects of:	
Expenses not deducted for tax purposes	-
Surrendered for group relief	(192)
Total tax charge for the period	-

5. FIXED ASSET INVESTMENTS

The Company's principal subsidiaries are listed below:

Company	Principal activity	Country of incorporation
Gu Indulgent Foods Limited	Manufacture and marketing of chilled desserts	United Kingdom
Indirect subsidiaries :		
Noble Desserts France SARL	Marketing of chilled desserts	France
Gü Limited	Dormant	United Kingdom
Gü Desserts Inc	Marketing of chilled desserts	USA

INDULGENCE NEWCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the period ended 1 October 2021

On 9 June 2021 the company purchased 100% of the ordinary share capital of voting rights of the Gu Indulgent Foods Limited. The total carrying value of investment is £173,976k.

The registered address of Gu Indulgent Foods Limited is Head Office, Dunmow Road, Bishop's Stortford, Hertfordshire CM23 5PA.

6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000
Amounts owed to group undertakings	33,032
	<u>33,032</u>

The amounts owed to group undertakings is denominated in euro. The interest on this loan is charged at 10% per annum. The repayment of the balance must be agreed by both the borrower and the lender.

7. CALLED UP SHARE CAPITAL

	2021 Share Capital £'000	2021 Share Premium £'000
Called up, allotted and fully paid		
At incorporation	-	-
Issued during the period; 2 ordinary shares of £1 each	-	141,956
At 1 October 2021	<u>-</u>	<u>141,956</u>

No dividend was approved or paid during the period

8. KEY MANAGEMENT REMUNERATION

The directors of the company are considered to constitute key management. Details of their remuneration is disclosed in note 2.

9. ULTIMATE PARENT COMPANY AND CONTROLLING PARTIES

On 9th June 2021 the Company purchased the whole of the share capital of Gu Indulgent Foods Limited.

The Company changed its registered address on 14 June 2021 to Head Office, Dunmow Road, Bishop's Stortford, Hertfordshire CM23 5PA.

INDULGENCE NEWCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the period ended 1 October 2021**

The immediate parent company as at 1 October 2021 is Indulgence Bidco Limited, a company incorporated in England and Wales. The ultimate holding company is Exponent Private Equity LLP, a company incorporated in England and Wales and is considered to be the ultimate controlling party. Its registered address is 30 Broadwick Street, London W1F 8JB.

The largest group in which the results of the company are consolidated is Gu Food Holdings Limited, a company registered in England and Wales. The smallest group in which the results of the company are consolidated is Indulgence Midco Limited, a company registered in England and Wales. Copies of the group financial statements of Gu Food Holdings Limited and Indulgence Midco Limited are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of paragraph 33.1A of FRS102 from disclosing transactions between fellow wholly owned subsidiaries of Gu Food Holdings Limited.