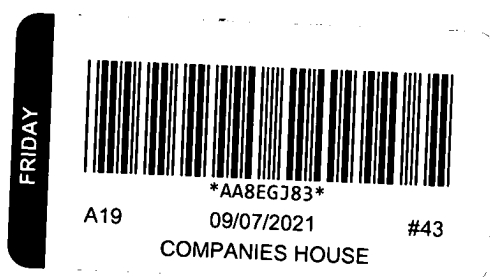


Aryzta Bakeries UK Limited

Annual Report and Financial Statements

Financial Year Ended 31 July 2020



CONTENTS

	Page
DIRECTORS AND OTHER INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	4 - 6
INDEPENDENT AUDITORS' REPORT	7 - 9
STATEMENT OF COMPREHENSIVE INCOME	10
BALANCE SHEET	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES TO THE FINANCIAL STATEMENTS	13 - 27

DIRECTORS AND OTHER INFORMATION

Board of Directors

Sean Murphy	(Irish)
James Anthony Proctor	(Irish)
Sandip Gudka	(British)

Business Address

Unit 12
Humphrys Road
Woodside Estate
Dunstable
United Kingdom
LU5 4TP

Company Secretary

Sean Murphy

Registered Office

Unit 12
Humphrys Road
Woodside Estate
Dunstable
United Kingdom
LU5 4TP

Solicitors

Laytons Solicitors LLP
2 More London Riverside
London
SE1 2AP

Registered Number: 03010158

Independent Auditors

Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Bankers

Bank of America
London Branch
2 King Street
London
EC1A 1HQ

STRATEGIC REPORT

The directors present their strategic report on the Company for the financial year ended 31 July 2020.

Principal activities

Aryzta Bakeries UK Limited ("the Company") is a bread bun bakery based in Dunstable. This site primarily supplies fresh bread buns to quick service retail and food service customers in the UK market.

For the majority of 2019, the Company consisted of two manufacturing facilities – a specialty craft bakery in Kettering producing confectionery, rolls and artisan breads, and the bakery site in Dunstable. After a review of their core competencies and overall strategic direction during the year, ARYZTA AG decided to divest of the Kettering manufacturing site as a going concern. The disposal was completed on 1 June 2019.

Business review

	2020 £'000	2019 £'000	Change
Turnover	15,043	37,945	(60%)
Profit / (loss) before taxation	2,493	(3,552)	(170%)
Total deficit	(9,247)	(11,190)	(17%)

Turnover decreased by 60% primarily driven by the closure of the Kettering site in June 2019 and the impact of the 2-month temporary shutdown of the Dunstable site brought about by the UK-wide COVID-19 lockdown.

Profit before tax increased by 170% during the year primarily driven by the £4m gain recognised during the year relating to the fair value change in the Southall investment property, and the impairment loss of £1.1m incurred in 2019 relating to the Kettering site.

Total deficit decreased by 17% due to the net profit of £1.9m during the year.

The directors are satisfied with the performance of the bun bakery as a standalone entity, and its potential for future growth.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties the Company faces to be:

- pandemic – the COVID-19 pandemic has impacted the Company's employees, customers and supply chain in 2020. The Company continues to manage the impact of this crisis, however, the duration and final impact is still uncertain
- the impact of BREXIT on the Company's trading activity
- the risk of a sustained downturn in the economy
- the risk of customers transferring to competitors
- the risk of not retaining key employees
- the risk of significant price fluctuations in key commodity supplies
- the risk of the loss of brand reputation due to product quality
- the risk posed by a rising cost base
- the risk of changes in government legislation regarding the composition and labelling of food products

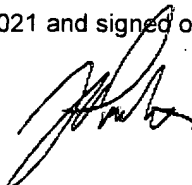
Key performance indicators that are focused on by management include:

- sales volumes
- gross margin
- production costs
- warehouse and distribution costs
- overheads
- capital expenditure
- stock management
- days sales outstanding

Each of these indicators are monitored by management against budget and against prior periods.

Approved by the Board on 6 July 2021 and signed on its behalf by:

Director: James Anthony Proctor



DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the financial year ended 31 July 2020.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable UK law and regulations.

UK 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 Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102").

Under UK 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, 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.

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.

Results and dividends

The profit and loss account for the financial year ended 31 July 2020 and the balance sheet at that date are set out on pages 10 and 11. The Company recorded a profit for the financial year of £1.9m (2019: loss of £6.2m). Total deficit at 31 July 2020 amounted to £9.2m (2019: £11.2m). There were no dividends paid in the year (2019: Nil).

Financial instruments

The Company's operations expose it to a variety of financial risks that include the effects of foreign currency risk, credit risk, interest rate risk, price risk and liquidity risk. The Company has put in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company of these risks.

Foreign currency risk

The assets and liabilities of the Company are denominated in Pound Sterling (£), the base currency for the Company and the currency in which these financial statements are prepared. The Company minimises its exposure to foreign currency risk by entering into forward exchange controls where deemed appropriate.

Credit risk

The Company is exposed to credit risk on debtors with whom it trades. The Company minimises concentrations of credit risk by providing credit to well-capitalised debtors, the enforcement of strict credit terms and ensuring that the Company has adequate credit insurance.

DIRECTORS' REPORT - continued

Financial instruments - continued

Interest rate risk

The majority of the Company's assets and liabilities do not suffer from interest rate risk. Interest received on bank deposits is subject to interest rate risk. The directors do not believe that the interest rate movements present a significant threat to the future operations of the Company as the Company does not have any short or long term borrowings outside of the Aryzta Group.

Price risk

The Company is exposed to price risk on the fluctuations in the commodity market. The Company minimises this risk by engaging in fixed price agreements and by ensuring a varied supply base.

Liquidity risk

The Company adopts an efficient working capital model in order to minimise liquidity risk and ensure sufficient funds are available to meet amounts due.

Events since the end of the financial year

On 12 February 2021, the Company received capital contribution from ARYZTA UK Holdings Limited amounting to £500,000. Apart from the above matter, there have been no other significant adjusting or non-adjusting events that affected the Company since the financial year end which would require adjustment or disclosure in the financial statements.

Registered number

The Company's registered number is 03010158.

Research and development

The Company remains committed to investing in research and development projects where there are clearly defined business benefits.

Directors and secretary

The directors who served during the year and since year end were as follows:

S T Murphy (appointed as Secretary on 17 September 2019)
J A Proctor
S K Gudka (appointed as Director on 17 September 2019)
T Cacaly (resigned as Director and Secretary on 17 September 2019)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the in-house newsletters and briefing groups.

Future developments

The Company intends to continue operating in line with current activity.

DIRECTORS' REPORT - continued

Going concern

The Company's operations were impacted by the COVID-19 pandemic during the year, with a 2-month temporary shutdown of the Dunstable site brought about by the UK-wide lockdown. Effective cash management throughout the pandemic, and strong sales performance upon easing of the restrictions, have provided reasonable expectation that the temporary shutdown has not affected the Company on a long-term basis. ARYZTA AG has undertaken to provide financial support to the Company for a period of at least 12 months, should it be required.

There are no outstanding loans due for repayment within the next financial year.

Charitable and political donations

No charitable and political donations were made during the year (2019: Nil).

Policy and practice on payment of creditors

It is the Company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms.

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

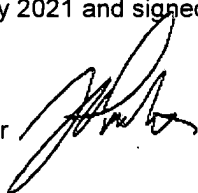
- as far as he/she is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

Independent auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 6 July 2021 and signed on its behalf by:

Director: James Anthony Proctor





Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARYZTA BAKERIES UK LIMITED

Opinion

We have audited the financial statements of Aryzta Bakeries UK Limited for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22, 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 company's affairs as at 31 July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARYZTA BAKERIES UK LIMITED (continued)

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 this 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 the 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 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 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.



Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARYZTA BAKERIES UK LIMITED (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Dermot Daly (Senior statutory auditor)
for and on behalf of Ernst & Young Chartered Accountants, Statutory Auditor
Dublin, Ireland

Date: 06 July 2021

STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 July 2020

		2020 Total	2019 Continuing Operations (Restated)	2019 Discontinued Operations (Restated)	2019 Total
	Note	£'000	£'000	£'000	£'000
Turnover	5	15,043	16,446	21,499	37,945
Cost of sales		<u>(13,897)</u>	<u>(13,882)</u>	<u>(17,821)</u>	<u>(31,703)</u>
Gross profit / (loss)		1,146	2,564	3,678	6,242
Distribution costs		(652)	(967)	(2,534)	(3,501)
Administrative expenses		(2,261)	(2,192)	(2,915)	(5,107)
Other operating income		<u>136</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating loss before exceptional item	7	<u>(1,631)</u>	<u>(595)</u>	<u>(1,771)</u>	<u>(2,366)</u>
Exceptional items	8	<u>4,096</u>	<u>-</u>	<u>(1,205)</u>	<u>(1,205)</u>
Operating profit / (loss) after exceptional item		2,465	(595)	(2,976)	(3,571)
Interest receivable	9	30	5	17	22
Interest payable	10	<u>(2)</u>	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
Profit / (loss) before taxation		2,493	(592)	(2,960)	(3,552)
Taxation	11	<u>(550)</u>	<u>(2,681)</u>	<u>-</u>	<u>(2,681)</u>
Profit / (loss) for the financial year		<u>1,943</u>			<u>(6,233)</u>
Other comprehensive income		<u>-</u>			<u>-</u>
Total comprehensive income / (loss) for the financial year		<u>1,943</u>			<u>(6,233)</u>

See note 3(b) on page 13 for details regarding the discontinued operations classification restatement.

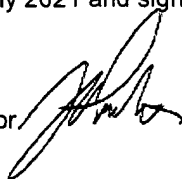
BALANCE SHEET
As at 31 July 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	12	22,185	23,271
		<u>22,185</u>	<u>23,271</u>
Current assets			
Stocks	13	383	410
Debtors	14	2,313	2,195
Cash at bank and in hand		1,586	4,933
		<u>4,282</u>	<u>7,538</u>
Creditors (amounts falling due within one year)	15	<u>(3,859)</u>	<u>(5,386)</u>
Net current assets		<u>423</u>	<u>2,152</u>
Total assets less current liabilities		<u>22,608</u>	<u>25,423</u>
Creditors (amounts falling due after more than one year)	16	<u>(31,855)</u>	<u>(36,613)</u>
Net liabilities		<u>(9,247)</u>	<u>(11,190)</u>
Capital and reserves			
Called up share capital	17	610	610
Profit and loss deficit		<u>(9,857)</u>	<u>(11,800)</u>
Total deficit		<u>(9,247)</u>	<u>(11,190)</u>

The notes on pages 13 to 27 are an integral part of these financial statements.

Approved by the Board on 6 July 2021 and signed on its behalf by:

Director: James Anthony Proctor



STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 July 2020

	Called-up share capital	Profit and loss account	Total deficit
	£'000	£'000	£'000
Balance at 1 August 2018	<u>610</u>	<u>(5,566)</u>	<u>(4,956)</u>
Loss for the financial year	<u>-</u>	<u>(6,233)</u>	<u>(6,233)</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the financial year	<u>-</u>	<u>(6,233)</u>	<u>(6,233)</u>
Balance at 31 July 2019	<u>610</u>	<u>(11,800)</u>	<u>(11,190)</u>
Balance at 1 August 2019	<u>610</u>	<u>(11,800)</u>	<u>(11,190)</u>
Profit for the financial year	<u>-</u>	<u>1,943</u>	<u>1,943</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year	<u>-</u>	<u>1,943</u>	<u>1,943</u>
Balance at 31 July 2020	<u>610</u>	<u>(9,857)</u>	<u>(9,247)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1 General information

Aryzta Bakeries UK Limited ('the Company') is a leading provider of bread buns to the UK quick service retail market.

Aryzta Bakeries UK Limited is incorporated as a company limited by shares in the United Kingdom. The address of its registered office is Unit 12, Humphrys Road, Woodside Estate, Dunstable, United Kingdom LU5 4TP.

The ultimate holding company is ARYZTA AG, an undertaking incorporated in Switzerland. The immediate parent company is Aryzta UK Holdings Limited, an undertaking incorporated in the United Kingdom.

The smallest and largest group of undertakings for which group financial statements are drawn up, and of which the Company is a member, is Aryzta AG. Copies of the group financial statements may be obtained from Aryzta AG, Ifangstrasse 9, 8952 Schlieren, Switzerland, or www.aryzta.com.

2 Statement of compliance

The Company's financial statements have been prepared on a going concern basis and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

(a) Basis of preparation

The entity financial statements have been prepared under the historical cost convention, except for investment property which is accounted for at fair value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Prior period discontinued operations restatement

An analysis between continuing operations and discontinued operations of each of the line items on the face of the Statement of Comprehensive Income was not made in the financial statements for the year ended 31 July 2019 following the disposal of the Kettering manufacturing site. This error has been corrected by restating each of the affected line items for the prior period as on the Statement of Comprehensive Income on page 10. The above restatement has no impact on the previously reported prior year Balance Sheet or the Statement of Changes in Equity, and has no impact on total reported revenue, total comprehensive loss or on the total individual profit and loss line items in the prior year.

(c) Going concern

In determining the appropriate basis of the preparation of the Company's financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The financial statements have been prepared on a going concern basis as ARYZTA AG has undertaken to provide financial support to the Company. The company has received a letter of support from ARYZTA AG confirming their intention to provide financial support for a period of at least 12 months from the date of approval of the financial statements. The 2020 ARYZTA AG Group

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 Summary of significant accounting policies - continued

(c) Going concern - continued

financial statements have been prepared on a going concern basis, after an assessment by the Directors of ARYZTA AG including consideration of a base case scenario, including an estimate of the effect of COVID-19 on the group. Therefore, after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly these company financial statements have been prepared on a going concern basis.

(d) Disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions to a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation. The Company is a qualifying entity and has taken advantage of the below disclosure exemptions:

- (i) Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows.
- (ii) Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 providing the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- (iii) Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.
- (iv) Exemption from the requirement of FRS 102 paragraph 4.12(a)(iv) to disclose a reconciliation of the number of shares outstanding at the beginning and end of the period.
- (v) Exemption from certain disclosure requirements of Section 26 of FRS 102 (paragraphs 26.18(b), 26.19 to 26.21 and 26.23, in respect of share-based payments provided that (i) for a subsidiary the share-based payment arrangement concerns equity instruments of another group entity; or (ii) for an ultimate parent, the share-based payment concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group; and in both cases provided the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(e) Foreign currency

(i) *Functional and presentation currency*

The Company's functional and presentation currency is the Pound Sterling, denominated by the symbol "£" and unless otherwise stated, the financial statements have been presented in thousands ('000).

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to Pound Sterling using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 Summary of significant accounting policies - continued

(f) Cash and cash equivalents

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

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(g) Share capital presented as equity

Equity shares issued are recognised at the proceeds received and presented as share capital and share premium. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Financial instruments

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents and short-term deposits, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year, financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired, an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially 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

3 Summary of significant accounting policies - continued

(h) Financial instruments - continued

(ii) *Financial liabilities - continued*

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Employee benefits

The Company provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) *Short term employee benefits*

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(ii) *Post-employment benefits*

Defined contribution plan

The Company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the Company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are included in accruals in the balance sheet.

(j) Income tax

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 Summary of significant accounting policies - continued

(j) Income tax - continued

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when 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 tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

(k) Revenue recognition

(i) Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company bases its estimate of returns, discounts and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(ii) Other revenue

The Company also earns interest income.

Interest income is recognised using the effective interest rate method. Interest income is presented as 'Interest receivable and similar income' in the profit and loss account.

(l) Tangible fixed assets

Tangible fixed assets are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) Land and buildings

Land and buildings include freehold and leasehold factories, retail outlets and offices. Land and buildings are carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Plant and machinery

Plant and machinery are carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 Summary of significant accounting policies - continued

(l) Tangible fixed assets - continued

(iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(iv) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(v) Assets in the course of construction

Assets in the course of construction are carried at cost. These assets are not depreciated until they are available for use.

(m) Leased assets

(i) Finance leases

Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessor.

At the commencement of the finance lease term the Company recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental and directly attributable costs incurred in negotiating and arranging a finance lease are included in the cost of the asset.

Assets under finance leases are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at the end of each financial year.

The minimum lease payments are apportioned between the outstanding liability and finance charges, using the effective interest method, to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leases

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

(n) Investment properties

Investment property, principally comprised of land and buildings, is held for capital appreciation and is initially measured at cost at purchase, and subsequently measured at fair value. The fair value is based on market value, being the estimated amount for which a property could be exchanged in an arm's length transaction. Any gain or loss arising from a change in fair value is recognised in the Profit and Loss account. When property is transferred to investment property from following a change in use owner occupied, any difference arising at the date of transfer between the carrying amount of the property immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity if it is a gain. Upon disposal of the property, the gain would be transferred

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 Summary of significant accounting policies – continued

(n) Investment properties - continued

to retained earnings. Any loss arising in this manner, unless it represents the reversal of a previously recognised gain, would be recognised immediately in the Profit and Loss account.

(o) Impairment of non-financial assets

At the end of each financial year date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use, pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit), the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account, unless the asset is carried at a revalued amount.

(p) Stocks

Stocks are measured at standard cost, which is reviewed periodically as appropriate. Stocks are recognised as an expense in the financial year in which the related revenue is recognised.

Cost is determined using the first-in, first-out (FIFO) method. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods and work in progress includes raw materials, direct labour and a systematic allocation of direct costs and production overheads (based on normal operating capacity of the production facility).

At the end of each financial year, stocks are assessed for impairment. If an item of stock is impaired, the identified stock is measured at its selling price less costs to complete and sell and the resulting impairment loss is recognised in profit or loss. Where a reversal of the impairment loss is recognised the impairment loss is reversed, up to the original impairment loss, and is recognised in the profit or loss.

(q) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 Summary of significant accounting policies – continued

(q) Provisions and contingencies – continued

(i) *Provisions - continued*

obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

(ii) *Contingencies*

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

(r) Government grants

Government grants related to assets are presented in the balance sheet as deferred income. The deferred grant income is recognised in the profit and loss account on a systematic basis over the asset's expected useful life.

(s) Distributions to equity shareholders

Dividends and other distributions to Company's equity shareholders are recognised as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the Company's directors.

(t) Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's result as "Exceptional items". These are disclosed separately to provide further understanding of the financial performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4 Critical accounting judgements and estimation uncertainty

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. 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.

(i) Useful economic lives and impairment of tangible fixed assets

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed 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.

The Company considers whether tangible fixed assets are impaired. Where an indicator of impairment is identified, the recoverable amount of the tangible fixed assets is estimated. The recoverable amount of the tangible fixed assets is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset and from its ultimate disposal. In measuring value-in-use, pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the tangible fixed assets is less than the carrying amount of the asset, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognised in profit or loss.

(ii) Impairment of stocks

The Company's products are subject to changing consumer demands. As a result, it is necessary to consider the recoverability of the carrying amount of stock at the end of each financial year. When calculating any stock impairment, the directors consider the nature and condition of the stock, current estimated selling prices, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of the stocks.

(iii) Impairment of debtors

The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 14 for the net carrying amount of the debtors.

5 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company, which is sale of goods.

An analysis of turnover by geographical market is given below:

	2020 £'000	2019 £'000
United Kingdom	14,934	37,054
Republic of Ireland	109	890
	<u>15,043</u>	<u>37,945</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Staff	2020 £'000	2019 £'000
Wages and salaries	3,415	10,135
Social security costs	364	760
Other pension costs	77	202
	<u>3,857</u>	<u>11,098</u>

	2020 Number	2019 Number
The average monthly number of employees during the year was as follows:		
Production employees	109	378
Administrative employees	6	35
	<u>115</u>	<u>413</u>

7 Operating profit / (loss)	2020 £'000	2019 £'000
-----------------------------	---------------	---------------

The operating profit / (loss) is stated after charging / (crediting):

Depreciation on owned assets	1,890	1,788
Operating leases	640	1,076
Auditors' remuneration		
- fees payable to Company auditors for the audit	10	28
Group recharges	322	1,342
Movement on impairment provisions held		
- impairment of inventory	-	(20)
- impairment of trade receivables	(143)	166
Rental income	136	-
Foreign exchange differences	35	42
Directors' remuneration in respect to qualifying services	-	-
Directors' pension costs	-	-

Information regarding the highest paid director is as follows:

Total amount of emoluments	<u>-</u>	<u>-</u>
----------------------------	----------	----------

The Company's Directors do not receive remuneration in respect of their qualifying services to this Company. Their remunerations are paid by other group undertakings.

8 Exceptional items	2020 £'000	2019 £'000
Impairment of Kettering site	-	1,127
Costs relating to division sale	-	78
Fair value gain on investment property	(4,622)	-
Other non-recurring costs	526	-
	<u>(4,096)</u>	<u>1,205</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Exceptional items - continued

During the financial year, the Company purchased a property containing land and buildings from a fellow group company for a consideration of £5,877,636. As the property was not owner occupied and was held for capital appreciation, it was classified within investment property. In January 2020, this property was sold for proceeds of £10,500,000. A net gain of £4,622,364 on revaluation of this asset to estimate fair value was recognised in the profit and loss account within exceptional items during the financial year. Additionally, rental income of £136,123 related to this property was recognised during the financial year, within Other operating income (note 7)

On 1 June 2019, the Company sold its operations in Kettering, resulting in related losses of £1,205,000 in the prior financial year.

9 Interest receivable and similar income	2020	2019
	£'000	£'000
Other interest	<u>30</u>	<u>22</u>
10 Interest payable and similar expenses	2020	2019
	£'000	£'000
Interest payable – bank	<u>2</u>	<u>3</u>
11 Tax	2020	2019
	£'000	£'000
Current tax		
Corporation tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	550	2,681
Adjustment in respect of prior years	<u>-</u>	<u>-</u>
	<u>550</u>	<u>2,681</u>
Total tax	<u>550</u>	<u>2,681</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Tax – continued

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are reconciled below:

Reconciliation of the tax charge	2020	2019
	£'000	£'000
The tax charge on the loss on ordinary activities for the year was:		
Profit / (loss) before taxation	<u>2,493</u>	<u>(3,552)</u>
Profit / (loss) multiplied by standard rate of tax in the UK of 19%	474	(675)
Current year losses unrecognised	888	898
De-recognition of deferred tax assets	550	2,681
Expenses not deductible for tax purposes	126	260
Capital allowances in excess of depreciation	(612)	(627)
Deferred tax unrecognised	2	-
Group relief surrendered	-	511
Income not taxable	(878)	(367)
Current tax charge	<u>550</u>	<u>2,681</u>
Deferred tax asset	2020	2019
	£'000	£'000
Opening balance	550	3,232
Deferred tax credit in profit and loss account for the year	<u>(550)</u>	<u>(2,681)</u>
Closing balance	<u>-</u>	<u>550</u>

The deferred tax asset relates to timing differences on tax losses carried forward. The closing deferred tax asset is measured at 19%.

12 Tangible fixed assets	Improvements to property £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 August 2019	12,923	17,384	30,307
Additions	233	570	803
Disposals	-	-	-
At 31 July 2020	<u>13,156</u>	<u>17,954</u>	<u>31,110</u>
Accumulated Depreciation			
At 1 August 2019	(2,717)	(4,318)	(7,035)
Charge for year	(626)	(1,264)	(1,890)
Disposals	-	-	-
At 31 July 2020	<u>(3,343)</u>	<u>(5,582)</u>	<u>(8,925)</u>
Carrying Value			
At 31 July 2019	<u>10,206</u>	<u>13,066</u>	<u>23,272</u>
At 31 July 2020	<u>9,813</u>	<u>12,372</u>	<u>22,185</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Tangible fixed assets - continued

Assets under construction, included in the above note, are held at a value of £179,352.

There were no fixed assets, included in the above, which are held under hire purchase contracts.

13 Stocks	2020 £'000	2019 £'000
Raw materials	362	375
Finished goods	21	35
	<u>383</u>	<u>410</u>

There is no significant difference between the replacement cost of raw materials, work in progress and finished goods and goods for resale and their carrying amounts.

No provision for stock impairment is included in the above value (2019: Nil).

14 Debtors (amounts falling due within one year)	2020 £'000	2019 £'000
Trade debtors	1,409	675
Deferred tax asset	-	550
Amounts owed by group undertakings	360	120
VAT	119	638
Prepayments and accrued income	426	212
	<u>2,313</u>	<u>2,195</u>

Amounts due by group undertakings are unsecured, interest free and are repayable on demand.

Trade debtors are stated after provision for impairment of £67,661 (2019: £210,353).

Sale of receivables

The Company manages credit risk through the use of a receivable purchase arrangement with a financial institution. Under the terms of this non-recourse agreement, the Company has transferred credit risk and control and certain trade receivables amounting to £88,499 through the ultimate parent entity ARYZTA AG. The Company has retained late payment risk, as the consideration ultimately received will vary depending on the timing of payment by the customers concerned. The Company has retained the "continuing involvement" in these receivables and so an amount continues to be recognised on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Creditors (amounts falling due within one year)	2020	2019
	£'000	£'000
Trade creditors	1,029	3,647
Taxation and social security	562	275
Other creditors	31	17
Amounts owed to group undertakings	2	465
Accruals and deferred income:	2,235	982
	<u>3,859</u>	<u>5,386</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Creditors (amounts falling due after more than one year)	2020	2019
	£'000	£'000
Amounts owed to group undertakings	<u>31,855</u>	<u>36,613</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The Company received confirmation from the lender that it will not demand repayment of these balances within 12 months from the balance sheet date of 31 July 2020. Hence these balances are presented under non-current liabilities in the balance sheet.

17 Called up share capital	Nominal value	2020	2019
		£'000	£'000
Allotted and issued			
Number:	Class:		
610,000	Ordinary	<u>£1</u>	<u>610</u>
			<u>610</u>

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years less dividends paid.

18 Related party disclosures

The Company is a wholly owned subsidiary of ARYZTA AG. Transactions with ARYZTA AG and with all other wholly owned subsidiary companies of the group are not disclosed as the Company has taken advantage of the exemption available from disclosing such transactions.

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Future purchase commitments	2020	2019
	£'000	£'000
Contracted but not provided for in the financial statements	<u>491</u>	<u>861</u>

20 Capital and other commitments

Future minimum lease payments under non-cancellable operating leases at the end of the financial year were:

	2020	2019
	£'000	£'000
Payments due:		
Not later than one year	615	601
Later than 1 year and less than 5 years	2,449	2,305
Later than 5 years	4,965	5,583
	<u>8,029</u>	<u>8,489</u>

21 Post balance sheet events

On 12 February 2021, the Company received capital contribution from ARYZTA UK Holdings Limited amounting to £500,000. Apart from the above matter, there have been no other significant adjusting or non-adjusting events that affected the Company since the financial year end which would require adjustment or disclosure in the financial statements.

22 Approval of financial statements

The directors approved the financial statements on 6 July 2021.