

Company Registration No. 4571039

Grupo Bimbo UK Limited

Annual Report and Financial Statements

31 December 2020



Grupo Bimbo UK Limited

Annual Report and Financial Statements 2020

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Grupo Bimbo UK Limited

Annual Report and Financial Statements 2020

Officers and professional advisers

Directors

C E Irwin
J Stratton
D Miller

Secretary

Gateley Secretary Limited

Registered Office

Swinton Meadows Industrial Estate
Swinton
Rotherham
South Yorkshire
S64 8AB

Bankers

HSBC Bank PLC
62-76 Park Street
London
SE1 9DZ

Auditor

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
United Kingdom
LS11 5QR

Grupo Bimbo UK Limited

Strategic report

Principal activities

The principal activity of the company is the manufacture and sale of bakery products for the retail and foodservice markets, in the UK and Europe.

The company operates from four locations, a head office and three operating locations, two for Bagels and one for Continental. The head office provides support functions for the whole business, with the manufacturing facilities focused on their own specific product categories and servicing our customers.

Business review and results

The results for the year are shown in the Income Statement on page 14.

Our business continues as one of the leading specialty bakeries in the United Kingdom and we maintained leading market shares in our selected bakery categories of Bagels and Ambient Continental.

Turnover increased to £99.6 million (2019: £88.7 million) as a result of the additional sales made through the pandemic and new business secured in the year.

Gross profit increased to £32.8 million (2019: £28.7 million), driven by increased sales and efficiencies.

The operating profit for the financial year was £0.3 million (2019: £0.2 million loss).

Key performance indicators

Management monitors the performance of its operations compared to budget and previous year.

KPIs monitored on a daily basis are:

- Production line efficiency % vs budget,
- Waste % vs budget
- Complaints per million units sold.

KPIs monitored monthly/weekly are the above plus:

- Accident rate per total hours worked;
- Sales £ and margin % by product and customer;
- Profit and cash forecasts;
- Labour costs and efficiency rate variances;
- Order fill performance %; and
- Overhead spend £.

Grupo Bimbo UK Limited

Strategic report (Continued)

Principal risks and uncertainties

The company is a purchaser of certain commodities, such as flour, butter and utilities, in the course of normal operations. Commodity prices are subject to fluctuation and such fluctuations are sometimes severe. The company may buy commodity forward contracts to reduce the effect of changing prices in the short-term but such actions may not be successful in mitigating this commodity price risk. On a longer-term basis, the company manages the risk of increases in commodities and other input costs by seeking to increase the price it charges to its customers. Any fluctuations in commodity prices that the company is unable to properly hedge or mitigate could have a material adverse effect on the company's financial condition and results of operations. The company did not undertake any hedging activities during the current nor prior financial years. The company operates a pass through model with its major customers on butter to mitigate any market related price movements (up or down).

As the retail grocery and foodservice trades continue to consolidate and customers grow larger, the company could be required to adjust to changes in purchasing practices and changing customer requirements, as failure to do so could result in losing sales volumes and market share. The company's net sales and profitability could also be affected by deterioration in the financial condition of, or other adverse developments in the relationship with, one or more of its major customers.

The company is subject to risks that affect the food industry in general, including risks posed by food spoilage, accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. The company actively manages these risks by maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems and by maintaining prudent levels of insurance. The company's facilities are subject to audit by trade associations and customers. They also perform their own audits to ensure compliance with internal standards, which are generally at, or higher than, regulatory agency standards. However, the company cannot completely guarantee that compliance with procedures and regulations will necessarily completely mitigate the risks related to food safety.

The company's operations are subject to extensive regulation by UK legislation. This legislation regulates the processing, packaging, storage, distribution, advertising and labelling of the company's products, including food safety standards. The company's manufacturing facilities and products are subject to inspection by various authorities. The company maintains compliance with all laws and regulations and maintains all material permits and licenses relating to its operations. Failure by the company to comply with applicable laws and regulations could subject the company to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on the company.

Following the exit from the European Union on the 31st December 2020, the Company's extensive plans and forecasting has supported operations to continue efficiently going into 2021. The Company has had to encounter minor delays at borders and additional freight & custom charges, however these were considered in the plans set throughout 2020. The Company will continue to monitor any changes but are confident the operations will remain unaffected.

With regard to the current situation with the COVID-19 pandemic or public health crisis in general, we refer to the *going concern information*.

Grupo Bimbo UK Limited

Section 172 Statement

Section 1 – Stakeholder Engagement

The following stakeholder groups according to Section 172(1) Companies Act 2006 were identified as relevant for Grupo Bimbo UK Ltd.

Associates

Core to Bimbo's beliefs is how the company and its stakeholders value the person. All associates are encouraged to take accountability and be bold in decision making, to ensure the company continues to be a highly productive and deeply humane company across the world.

Customers

Customers are at the heart of Bimbo, and due to this, the board ensures regular interaction to understand expectations but also to align on strategies. Through these meetings, the Company provides two way insights into the consumer and the market. This allows Bimbo to work with customers to ensure the Company continues to be a collaborative partner for all its customers, driving future growth in its chosen sales channels.

Consumers

Consumers are our boss in how Bimbo operates. Bimbo UK have a mission to produce delicious and nutritious baked goods and snacks in the hands of all, and to achieve this Bimbo have to work closely with consumers. Examples such as taste tests, sampling and feedback sessions allow Bimbo to engage with consumers and ensure the Company continue to produce and provide market leading products. Bimbo also invests heavily in market data to understand consumer trends to aid strategic decision making.

Suppliers

Suppliers play a critical role in ensuring we produce and deliver great tasting and consistent products to our customers. Suppliers are able to provide a source of value, quality and service that ensures consistency throughout the supply chain. Bimbo hold regular reviews with key suppliers to ensure the best value and service is being achieved. KPIs are agreed and reviewed through each year.

Regulators/Government

The Company recognises the importance that the government and regulators play within the industry, and Bimbo are continually seeking advice and guidance on existing and new legislation (e.g. Brexit or Plastic Reduction) to ensure total compliance and continuous improvement.

Community & Environment

The community has and will always be a big factor in how Bimbo functions. Community engagement is recognised as important to associates and the communities in which we operate. Bimbo has an affiliation with The Trussell Trust Food Bank, working closely, across the UK to stop hunger. Bimbo also encourages its associates to take time out of the day to day work to actively participate in community and/or charity local events.

Through the Bimbo UK CSR policy, the Company ensures it operates with a sense of social morality for all stakeholders.

Grupo Bimbo UK Limited

SECR Statement

Mandatory Streamlined Energy and Carbon Reporting (SECR)

We fulfil the statutory requirements for Streamlined Energy and Carbon Reporting which includes disclosure of the Company's carbon emissions. Under the Companies Act 2006 / SECR Regulations, 'Large' companies' are required to report their annual emissions in their Directors' report.

Grupo Bimbo UK Limited Streamlined Energy and Carbon Reporting statement covers the reporting period 1st January 2020 to 31st December 2020 and has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard.

A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (known as the 'Location based' method), and also emissions using supplier specific generation emission factors (the 'Market Based' method).

'Location based' Method

The total energy consumption for 2020 was 58,467,772.13 kWh equating to 11,830.918 tCO₂e

Carbon intensity: Emissions of tCO₂e/£m turnover during 2020 was 109.84 tCO₂e

However, the company strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin (REGO) certificates. Through this strategy, within the above 2020 total energy consumption, the company has sourced a total of 14,148,021 kWh of REGO backed (zero emission) electricity equating to 92.5% of total electricity use.

'Market Based' Method

The total energy consumption for 2020 was 58,467,772.13 kWh equating to 8,248.780 tCO₂e

Carbon intensity: Emissions of tCO₂e/£m turnover during 2020 was 76.58 tCO₂e

Grupo Bimbo UK Limited

Qualifying information on the above data:

- This statement has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard.
 - This is the Company's first year of Streamlined Energy and Carbon Reporting and as such 2019 data has not been recorded.
 - tCO₂e is the tonnage of equivalent carbon emissions generated by the various greenhouse gasses (carbon dioxide, methane, nitrous oxide etc.) each of which has a 'Global Warming Potential' factor that is included in the above emission figure.
 - An operational control approach has been applied to consolidate the above data.
 - Total gross-sales for use as the Metric are £107,712,191.
 - Grupo Bimbo have identified that the energy use in Fork Lift trucks is less than 2% of the company's energy consumption and has been deemed non-material.
1. As per the GHG Protocol, a dual reporting method has been applied - 'Location Based' and 'Market Based'.
 2. Carbon intensity includes all Scope emissions in the calculation.

During the 2020 year no specific improvements in energy efficiency were undertaken.

Signed on behalf of the Board



30/3/21

J Stratton
Director

Grupo Bimbo UK Limited

Directors' report

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

Proposed dividend

No dividend has been paid or proposed by the Company for the year ended 31 December 2020 (2019: £nil).

Policy and practice on payment of creditors

It is the company's policy to make payments to all suppliers in accordance with the terms and conditions agreed between the company and its suppliers, providing all trading terms and conditions have been met. At the year end, there were 41 days (2019: 26 days) purchases in trade payables.

Directors

The directors who held office during the year under review and to the date of signing were:

C E Irwin
J Stratton
D Miller

Associates

The company has established structures and procedures for consultation, communication and negotiation with its associates. Importance is placed on this aspect of the business and all managers have a responsibility to this end. The company has a policy of diversity and inclusion to encourage the employment and development of all associates regardless of age, gender, race, religion, disability etc.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes 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 that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

We have worked diligently to create a culture in the workplace where eliminating workplace injuries and keeping safe is embedded in everything we do. We track and communicate safety records across our facilities with the strong belief that transparency will drive better performance. While we take great pride in this achievement, we are constantly raising the bar and striving for excellence in Occupational Health & Safety. Every worker deserves a safe workplace and an expectation that they will return home at the end of each and every shift, without injury.

Our parent company's beliefs define our culture and drive the following aspects of leadership:

- We value the person
- We are one community
- We get results
- We compete and win
- We are sharp operators
- We act with integrity
- We transcend and endure

These values are the foundation for how we make decisions, run our businesses, recruit and develop people, and our performance review process. We take immense pride in living our beliefs and how they define our way of working.

Future Developments

The Company has invested to expand its product portfolio into the snacking category which is part of a 5 year diversification strategy, with the successful launch of a branded Mexican style corn cracker into UK retail happening in 2020.

Grupo Bimbo UK Limited

Directors' report (Continued)

Going concern

The financial statements have been prepared on a going concern basis, with the Company's net current assets valued at £3.8 million (2019: £6.4 million) as disclosed in note 1.

The directors have prepared forecasts for the Company for a period in excess of 12 months from the date of approval of these financial statements. These forecasts take account of reasonable possible changes in trading performance in all areas of the business.

These forecasts and projections show that the Company is expected to be able to operate within the level of its current facility and in the view of the directors there is sufficient headroom under the committed facility that would enable the Company to trade in the event of any decline in the demand for the Company's products and services.

The Directors have considered the continued impact of the COVID-19 pandemic on the Company's business operations and future prospects. The production facilities have not featured on the UK government's list of business premises which needed to close, and specific measures have been implemented to increase the workforce resilience, and to ensure adequate protection for our people. The Company's financial forecasts, taking into consideration the current environment, show that the Company is expected to continue making an operating profit and generate positive cash flows giving the Company the ability to continue to operate for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The directors confirm that they have received confirmation from the company's parent and controlling party, that Grupo Bimbo S.A.B. de C.V., will continue to provide financial support to the company to assist the company in meeting their liabilities as and when they fall due, to the extent that money is not otherwise available to the company to meet such liabilities. This financial support will continue for a period of at least 12 months from the date of approval of these financial statements.

Financial Risk Policies

The directors have considered all the potential financial risks that apply to the company and have documented these in detail within the Financial Instruments note (note 17).

Political and charitable contributions

The company did not make any political donations or incurred any political expenditure during the current or preceding year. The Company made charitable donations of £10,000 (2019: £10,000) during the year, plus donations of food to a local foodbank.

Grupo Bimbo UK Limited

Directors' report (Continued)

Disclosure of information to auditor

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 director 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 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.

Approved by the Board of Directors
and signed on behalf of the Board



30/3/21

J Stratton
Director

Grupo Bimbo UK Limited

Directors' responsibilities statement

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 Grupo Bimbo UK Limited

Opinion

We have audited the financial statements of Grupo Bimbo UK Ltd, for the year ended 31 December 2020 which comprise the income statement, statements of financial position, statement of changes in equity, statement of cash flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 with the annual report.

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.

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 there is 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 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page...], 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

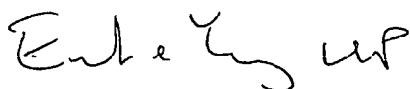
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, IFRS, the Companies Act 2006 and the relevant tax laws and regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements relating to food safety, health and safety, employee matters and data protection.
- We understood how the company is complying with those frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and consideration of the results of our audit procedures across the company.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud and reviewed the entity level controls in place. We also considered the existence of performance targets and their potential influence on management to manage earnings. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions; enquiries of company management; and challenging the assumptions and judgements made by management by reviewing third party evidence wherever possible. We also leveraged our data analytics platform in performing our work to assist in identifying higher risk transactions for testing. The results of our procedures did not identify any instances or irregularities, including fraud.

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.



*Richard Frostick (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull*

30 March 2021

Grupo Bimbo UK Limited

Income Statement Year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Revenue		99,650	88,712
Cost of sales		(66,818)	(60,023)
Gross profit		32,832	28,689
Distribution expenses		(14,778)	(14,766)
Administrative expenses		(17,786)	(14,119)
Operating profit/ (loss)	2	268	(196)
Finance expenses	4	(248)	(265)
Restructuring expenses	12	(650)	(659)
Loss before tax		(630)	(1,120)
Taxation	5	375	99
Loss for the year		(255)	(1,021)

There were no items of other comprehensive income in the year and therefore no separate statement of comprehensive income is required.

All activities relate to continuing operations.

The notes on pages 19 to 41 form part of these financial statements.

Grupo Bimbo UK Limited

Statement of financial position As at year end 31 December 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Property, plant and equipment	6	42,372	39,590
Intangible assets	7	4,324	4,596
Deferred tax assets	8	5,013	4,638
Right of use asset	18	5,266	6,420
		<u>56,975</u>	<u>55,244</u>
Current assets			
Inventories	9	4,415	4,948
Trade and other receivables	10	18,452	16,756
Cash and cash equivalents	11	100	2,435
		<u>22,967</u>	<u>24,139</u>
Total assets		<u>79,942</u>	<u>79,383</u>
Current liabilities			
Trade and other payables	13	(18,013)	(16,642)
Lease liabilities	18	(1,140)	(1,076)
		<u>(19,153)</u>	<u>(17,718)</u>
Non-current liabilities			
Provisions	14	(1,012)	(940)
Other payables	15	(393)	(235)
Lease liabilities	18	(4,612)	(5,463)
		<u>(6,017)</u>	<u>(6,638)</u>
Total liabilities		<u>(25,170)</u>	<u>(24,356)</u>
Net assets		<u>54,772</u>	<u>55,027</u>

Grupo Bimbo UK Limited

Statement of financial position (Continued) As at year end 31 December 2020

		2020	2019
Equity	Notes	£'000	£'000
Share capital	16	118,757	118,757
Share premium		8,538	8,538
Capital redemption reserve	16	6,823	6,823
Retained earnings		(79,346)	(79,091)
Total equity		54,772	55,027

The financial statements of Grupo Bimbo UK Ltd, registered number 4571039 were approved by the Board of Directors on

Signed on behalf of the Board of Directors



30/3/21

Director

J Stratton

The notes on pages 19 to 41 form part of these financial statement.

Grupo Bimbo UK Limited

Statement of changes in equity Year ended 31 December 2020

	Share capital £000	Share premium £000	Capital contribution £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019	106,257	8,538	6,823	(78,070)	43,548
Issue of Shares Capital (Note 16)	12,500	-	-	-	12,500
Total comprehensive loss for the period	-	-	-	(1,021)	(1,021)
Balance at 31 December 2019	118,757	8,538	6,823	(79,091)	55,027
Balance at 1 January 2020	118,757	8,538	6,823	(79,091)	55,027
Issue of Shares Capital (Note 16)	-	-	-	-	-
Total comprehensive loss for the period:	-	-	-	(255)	(255)
Balance at 31 December 2020	118,757	8,538	6,823	(79,346)	54,772

The notes on pages 19 to 41 form part of these financial statement.

Grupo Bimbo UK Limited

Statement of cash flows Year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Loss for the year		(253)	(1,021)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		4,144	3,917
Financial expense	4	248	265
Loss on sale of property, plant and equipment	2	404	89
Deferred government grant		-	-
Taxation	5	(377)	(99)
		<hr/> 4,166	<hr/> 3,151
Increase in trade and other receivables		(1,696)	(1,075)
(Increase)/ decrease in inventories		534	(2,017)
Increase/ (decrease) in trade and other payables		1,670	(434)
Increase/ (decrease) in provisions and employee benefits		233	(64)
		<hr/> 4,907	<hr/> (439)
Interest paid	4	(184)	(192)
		<hr/> 4,723	<hr/> (631)
Net cash flow from operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(7,058)	(7,534)
Acquisition of Mr Bagels Limited	19	-	(3,800)
		<hr/> (7,058)	<hr/> (11,334)
Net Cash flows from investing activities			
Net Cash flows from financing activities			
Proceeds from the issue of share capital	16	-	12,500
		<hr/> -	<hr/> 12,500
Net cash flow from financing activities			
Net increase in cash and cash equivalents		(2,335)	535
Cash and cash equivalents at the beginning of the year		2,435	1,900
Cash and cash equivalents at the end of the year	11	<hr/> 100	<hr/> 2,435

The notes on pages 19 to 41 form part of these financial statement.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies

The financial statements are prepared in accordance with applicable International Financial Reporting Standards ('IFRS'). The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Grupo Bimbo UK Limited is a private company limited by shares, incorporated in England and Wales and domiciled in the UK. The registered office is; Grupo Bimbo UK Ltd, Swinton Meadows Industrial Estate, Swinton, South Yorkshire, S64 8AB.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis. Amounts are presented in Pounds Sterling to the nearest £1,000.

The following accounting standards and interpretations, issued by the International Accounting Standards Board ("IASB") or IFRIC (as endorsed by the EU), are effective in the current financial year:

International Financial Reporting Standards

Amendment to IFRSs: Annual Improvements to IFRSs 2015-2017 Cycle

IFRS 16: Leases

Upon consideration there would be no significant impact on the Company's results, net assets, cash flows and disclosures on adoption of new or revised standards in the period.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, with the Company's net current assets valued at £3.8 million (2019: £6.4 million).

The directors have prepared forecasts for the Company for a period in excess of 12 months from the date of approval of these financial statements. These forecasts take account of reasonable possible changes in trading performance in all areas of the business.

These forecasts and projections show that the Company is expected to be able to operate within the level of its current facility and in the view of the directors there is sufficient headroom under the committed facility that would enable the Company to trade in the event of any decline in the demand for the Company's products and services.

The Directors have considered the continued impact of the Covid-19 Pandemic pandemic on the Company's business operations and future prospects. The production facilities did not feature on the UK government's list of business premises which needed to close, and specific measures have been implemented to increase the workforce resilience, and to ensure adequate protection for our people. The Company's financial forecasts, taking into consideration the current environment, show that the Company is expected to remain profitable and generate positive cash flows giving the Company the ability to continue to operate for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases is stated at the lower of its fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

<i>Freehold buildings</i>	<i>50 years</i>
<i>Property improvements</i>	<i>12 years</i>
<i>Plant, equipment and tooling</i>	<i>5 – 25 years</i>
<i>Trailers</i>	<i>16 years</i>

Depreciation methods and useful lives are reviewed at each balance sheet date. Freehold land is not depreciated.

Assets under construction

Grupo Bimbo UK Limited ensure the recognition of assets under construction is in line with IAS 16. All assets are recognised at cost and are subsequently reviewed and impaired if necessary. Assets are only recognised if;

- The costs can be reliably measured
- It is probable that the future economic benefits associated with the asset will flow to the entity.

Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless useful lives are indefinite.

The estimated useful economic lives of intangible assets with finite useful lives are as follows:

<i>Customer relationships</i>	<i>25 years</i>
<i>Computer software</i>	<i>3 years</i>

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

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

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

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Revenue

Revenue comprises the invoiced value for the sale of goods net of sales rebates, discounts, value added tax and other taxes directly attributable to revenue. Revenue is recognised when the five thresholds under IFRS 15 are met. Revenue is recognised on the following basis:

(i) Sale of goods

Sales of goods are recognised as revenue on transfer of the risks and rewards of ownership, which typically coincides with the time when the merchandise is delivered to customers and title passes.

(ii) Sales rebates and discounts

Sales rebates and discount reserves are established at the time of sale based on contractual terms and agreements. An accrual is made at the time of sale and released, if unutilised, after assessment that the likelihood of such a claim being made has become remote.

All revenue is in relation to the sale of goods and all sales are made within the UK.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

Leases

The Company has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 3 and 13 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit and loss. Expected credit losses are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of intangible assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

Employee benefits

The Company provides a long-term employee benefit arrangement, in the form of a defined contribution pension plan. The Company pays fixed contributions into this scheme, where these contributions are invested by a separate entity. The Company has no legal or constructive obligations to pay further contributions.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit or loss as they fall due. Differences between contributions payable in the period and contributions actually paid are recognised as either accruals or prepayments in the balance sheet.

The company provides a long-term incentive plan in which the incentives are paid out two years following the end of the financial year. The long-term incentive plan is eligible for directors within the business and is paid similarly to that of a bonus (note 15).

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Key accounting estimates and judgements

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. The key areas requiring the use of estimates and judgement which may significantly affect the financial statements are considered to be:

- Measurement of the recoverable amounts of cash generating units containing customer relationships

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge. Historically changes to the estimated useful lives have not had a significant impact on the Company's results and financial position.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

- Recognition of deferred tax assets

In determining how much of these assets can be recognised this requires an assessment of the extent to which it is probable that future taxable profits will be available. This assessment is based on management's future assessment of the Company's financial performance and forecast information.

- Provisions

The Company's dilapidation provisions are a matter of judgement in respect of the dilapidation costs on exit from leases, in respect of the period to when a property is expected to be sub-let, and in respect of the final amount of reorganisation costs to be incurred.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

2. Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging/(crediting)		
Inventories recognised as an expense	34,147	32,222
Depreciation of property, plant and equipment	3,873	3,612
Amortisation of intangible assets	271	305
Loss on disposal of fixed assets	404	89
Litigation Claim	1,600	-
Auditor's remuneration:		
Audit of Company financial statements	59	55
Other services relating to taxation	53	38
	<u> </u>	<u> </u>

3. Information regarding directors and employees

	2020 £'000	2019 £'000
Directors' remuneration		
Directors' emoluments	551	569
Company contributions to defined contribution pension plans	16	18
	<u> </u>	<u> </u>
	567	587
	<u> </u>	<u> </u>

Emoluments of the highest paid director amounted to £404,000 (2019: £436,000) including contributions to a defined contribution pension plan of £Nil (2019: £Nil). All directors accrue benefits under defined contribution pension plan.

	2020 No.	2019 No.
Average number of persons employed		
Office and management	68	82
Production	521	554
	<u> </u>	<u> </u>
	589	636
	<u> </u>	<u> </u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	19,960	17,952
Social security costs	1,906	1,718
Company contributions to defined contribution pension plans	699	945
	<u> </u>	<u> </u>
	22,565	20,615
	<u> </u>	<u> </u>

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

4. Finance expenses

	2020 £'000	2019 £'000
Interest on bank overdraft	184	192
Foreign exchange translation	64	73
Total finance expenses	<u>248</u>	<u>265</u>

5. Taxation

	2020 £'000	2019 £'000
Analysis of charge in year		
Current Tax:		
UK corporation tax on losses for the year	-	-
Prior year adjustment	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of temporary differences	100	(25)
Reduction in tax rate	(536)	-
Adjustment in respect of prior year	61	(74)
Deferred tax expense	<u>(375)</u>	<u>(99)</u>
Total tax on losses of ordinary activities	<u>(375)</u>	<u>(99)</u>
	2020 £'000	2019 £'000
Loss on ordinary activities before tax	(630)	(1,120)
Standard rate of corporate tax in the UK	19.00%	19.00%
Standard rate corporation tax charge	(120)	(213)
Expenses not deductible for tax purposes	245	222
Tax rate changes	(536)	-
Adjustment in respect of earlier years	61	(74)
Income not taxable	(25)	(34)
Total tax on loss on ordinary activities	<u>(375)</u>	<u>(99)</u>

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

5. Taxation (continued)

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

6. Property, plant and equipment

	Property improvements £'000	Freehold buildings £'000	Plant, equipment and tooling £'000	Trailer £'000	Assets under construction £'000	Total £'000
Cost						
At 1 January 2019	2,613	12,207	61,732	35	3,526	80,113
Additions	-	-	2,400	-	7,534	9,934
Disposals	-	-	(273)	-	-	(273)
Transfers	94	258	1,045	-	(1,397)	-
At 31 December 2019	2,707	12,465	64,904	35	9,663	89,774
Balance at 1 January 2020	2,707	12,465	64,904	35	9,663	89,774
Additions	-	-	-	-	7,058	7,058
Disposals	(32)	(13)	(959)	-	-	(1,004)
Transfers	132	1,360	9,513	-	(11,005)	-
At 31 December 2020	2,807	13,812	73,458	35	5,716	95,828
Depreciation and impairment						
At 1 January 2019	2,460	2,897	41,392	7	-	46,756
Charge for the year	207	680	2,723	2	-	3,612
Disposals	-	-	(184)	-	-	(184)
At 31 December 2019	2,667	3,577	43,931	9	-	50,184
Balance at 1 January 2020	2,667	3,577	43,931	9	-	50,184
Charge for the year	170	710	2,991	2	-	3,873
Disposals	(30)	(12)	(559)	-	-	(601)
At 31 December 2020	2,807	4,275	46,363	11	-	53,456
Net book value						
At 31 December 2020	-	9,537	27,095	24	5,716	42,372
At 31 December 2019	40	8,888	21,143	26	9,493	39,590
At 1 January 2019	153	9,310	20,340	28	3,526	33,357

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

7. Intangible fixed assets

	Customer relationships £'000	Goodwill £'000	Computer software £'000	Total £'000
Cost				
At 1 January 2019	6,715	-	2,112	8,827
Additions	-	1,400	-	1,400
Disposals	-	-	-	-
At 31 December 2019	6,715	1,400	2,112	10,227
At 1 January 2020	6,715	1,400	2,112	10,227
Additions	-	-	-	-
Adjustment	104	(104)	-	-
Disposals	-	-	-	-
At 31 December 2020	6,819	1,296	2,112	10,227
Amortisation and impairment				
At 1 January 2019	3,260	-	2,066	5,326
Amortisation for the year	259	-	46	305
At 31 December 2019	3,519	-	2,112	5,631
Balance at 1 January 2020	3,519	-	2,112	5,631
Amortisation for the year	272	-	-	272
At 31 December 2020	3,791	-	2,112	5,903
Net book value				
At 31 December 2020	3,028	1,296	-	4,324
At 31 December 2019	3,196	1,400	-	4,596
At 1 January 2019	3,455	-	46	3,501

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the income statement:

	2020 £'000	2019 £'000
Administrative expenses	272	305

The current net book value of customer relationships in the business, are valued upon the continuing relationships with the four main retailers in the United Kingdom.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

8. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Property, plant and equipment	(2,760)	(1,950)	-	-
Intangible assets	-	-	-	542
Provisions	(308)	(222)	-	-
Tax value of loss carry-forwards	(1,945)	(3,008)	-	-
	<u>(5,013)</u>	<u>(5,180)</u>	<u>-</u>	<u>542</u>
Tax (assets) / liabilities	(5,013)	(5,180)	-	542
Net of tax liabilities	-	542		
	<u>(5,013)</u>	<u>(4,638)</u>		
Net tax (assets)	(5,013)	(4,638)		

Movement in deferred tax during the year

	1 January 2020 £'000	Recognised in income £'000	31 December 2020 £'000
Property, plant and equipment	(1,950)	(810)	(2,760)
Intangible assets	542	(542)	-
Provisions	(222)	(86)	(308)
Tax value of loss carry-forwards utilised	(3,008)	1,063	(1,945)
	<u>(4,638)</u>	<u>(375)</u>	<u>(5,013)</u>

Movement in deferred tax during the prior year

	1 January 2019 £'000	Recognised in income £'000	31 December 2019 £'000
Property, plant and equipment	(1,858)	(92)	(1,950)
Intangible assets	586	(44)	542
Provisions	(225)	3	(222)
Tax value of loss carry-forwards utilised	(3,042)	34	(3,008)
	<u>(4,539)</u>	<u>(99)</u>	<u>(4,638)</u>

Deferred tax assets are recognised to the extent of existing taxable temporary differences, where these are likely to negate the effects of any deductible temporary difference or unused tax losses carried forward by the Company. Deferred tax is calculated in full using the United Kingdom tax rates that are expected to apply in the periods in which the asset or liability is settled. In all cases this is 17%.

The loss in the year was due to the production inefficiencies which are not expected to reoccur, and the company is forecast to make sufficient profits in future year to utilize the deferred tax asset.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

9. Inventories

	2020 £'000	2019 £'000
Raw materials, packing and consumables	2,522	2,495
Finished goods	1,892	2,453
	<u>4,414</u>	<u>4,948</u>

10. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	16,874	15,405
Other receivables	961	831
Prepayments	617	520
	<u>18,452</u>	<u>16,756</u>

Further information regarding credit risk and the allowance for doubtful debts in relation to trade debtors is given in note 17.

11. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank	100	2,435
Cash and cash equivalents per cash flow statement	<u>100</u>	<u>2,435</u>

There is no material difference between the fair value and carrying value of cash and cash equivalents owing to the short maturity of these instruments.

12. Restructuring Expenses

Following the acquisition in August 2019, the Company encountered some restructuring costs to bring the existing assets and processes in line with Group expectations.

	2020 £'000	2019 £'000
Restructuring Costs	650	659

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

13. Trade and other payables

	2020 £'000	2019 £'000
Current		
Trade payables	10,661	9,276
Other taxes and social security	689	670
Accruals and deferred income	6,663	6,696
	<u>18,013</u>	<u>16,642</u>

14. Provisions

	Dilapidations £'000	Total £'000
Balance at 1 January 2019	868	868
Charged in the year	72	72
	<u>940</u>	<u>940</u>
Balance at 31 December 2019		
	<u>940</u>	<u>940</u>
Balance at 1 January 2020	940	940
Charged in the year	72	72
	<u>1,012</u>	<u>1,012</u>
Balance at 31 December 2020		
	<u>1,012</u>	<u>1,012</u>

Dilapidations provisions relate to the Company's contractual duty to repair leasehold properties upon termination of a lease. Management have updated their assessment of the required provision in the year, following a review of the repair costs deemed necessary to bring one site back to its original condition. Following the review, no change to the dilapidation provision was required.

15. Other payables

	2020 £'000	2019 £'000
Long term incentive plan	<u>393</u>	<u>235</u>

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

16. Called up share capital

	2020 £'000	2019 £'000
Authorised, issued and fully paid		
Ordinary shares of £1 each	118,757	118,757
	Ordinary shares	
	2020 £'000	2019 £'000
On issue at 1 January	118,757	106,257
Issued during the year	-	12,500
On issue at 31 December	118,757	118,757

There was an investment of 12.5 million £1 ordinary shares from the current parent company, Grupo Bimbo in 2019 to inject cash into the UK business. £6m was invested in September 2019 and a further £6.5m in December 2019

The capital redemption reserve represents capital contributions to the entity by the entity's historic parent undertakings.

17. Financial instruments

Credit risk

Credit risk refers to the risk of losses due to failure of the Company's customers or other counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectability of its trade and other receivables in order to mitigate any possible credit losses.

The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Directors consider that the carrying value of trade receivables approximates to their fair value.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

17. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by monitoring forecasted and actual cash flows, maintaining sufficient undrawn committed credit facilities and managing the maturity profiles of financial assets and financial liabilities to minimise refinancing risk.

All financial liabilities are shown as due in less than one year in the financial statements given that they are repayable on demand. Contractual cash flows within one year or less relating to these financial liabilities comprise interest payments, which is estimated as £248,000 for the following year (2019: £265,000).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Foreign currency risk

Foreign exchange risk arises primarily from transactions in currencies other than UK sterling. The amount of foreign currency transactions is not material and the Company does not engage in any form of currency forward exchange contracts. There are no investments in foreign currencies or in foreign operations.

Commodity price risk

The Company is exposed to price risk related primarily to purchases of flour and other agricultural commodities used as raw materials. Fixed price contracts with suppliers and exchange-traded futures and options may be used by the Company to manage its exposure to price fluctuations. There were no futures or options outstanding at 31 December 2020 (2019: none).

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings issued at fixed rates that create fair value interest rate risk and variable rate borrowings that create cash flow interest rate risk.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

17. Financial instruments (continued)

Profile

At the balance sheet date the following table analyses the Company's financial liabilities into relevant maturity groupings based on the contractual undiscounted cash flows.

	On demand £'000	1-3 months £'000	2020 £'000
At 31 December 2020	10,658	7,352	18,010
Trade and other payables			
Bank overdraft	-	-	-
Corporate payables	-	-	-
Corporate loans	-	-	-

	On demand £'000	1-3 months £'000	2019 £'000
At 31 December 2019	9,276	7,364	16,640
Trade and other payables			
Bank overdraft	-	-	-
Corporate payables	-	-	-
Corporate loans	-	-	-

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

17. Financial instruments (continued)

Capital management

In allocating capital to investments to support its earnings goals, the Company establishes internal hurdle return rates for capital initiatives. Capital projects are generally financed with internal cash flows or from the parent company through additional share capital or loans. In addition, the Company uses operating leases as additional sources of financing for vehicles and properties.

During December 2019 the ordinary share capital of the company was increased by £12.5 million, through a cash injection.

Fair Value of Financial Instruments

Due to the short term nature of the financial instruments, their fair value is considered to approximate to their carrying value.

18. Leases

Right of use assets

	Plant and machinery £'000	Motor vehicles £'000	Other equipment £'000	Total £'000
At 1 January 2020	6,099	321	-	6,420
Initial adoption of IFRS 16				
Additions	-	99	-	99
Depreciation Expense	(1,086)	(167)	-	(1,253)
At 31 December 2020	5,013	253	-	5,266

Lease liabilities

	2020 £'000	2019 £'000
At 1 January	6,539	-
Initial adoption of IFRS 16	-	5,904
Additions	99	1,524
Accretion of interest	169	162
Payments	(1,055)	(1,051)
At 31 December	5,752	6,539
Current	1,140	1,076
Non-Current	4,612	5,463
Total	5,752	6,539

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

Amounts recognised in P&L

	2020 £'000	2019 £'000
Depreciation expense of right-of-use assets	1,231	1,008
Interest expense on lease liabilities	169	162
Expense relating to short-term leases (included in COS)	11	27
Total amount recognised in profit or loss	1,411	1,197

The company has applied the modified retrospective approach on implementation of IFRS 16 and has not amended the prior year comparatives accordingly.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

19. Acquisition

The company acquired the assets and associates of Mr Bagels Ltd for the amount of £3.8m in August 2019. This was funded through equity cash injections in 2019 from our parent company. The value of the assets acquired were valued at £2.4m with the remaining £1.4m disclosed as goodwill.

20. Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £699,000 (2019: £945,000).

Contributions totalling £118,650 (2019: £115,067) were payable to the fund at the year end and are included in other creditors.

21. Capital commitments

As at 31 December 2020 the total committed spend at the balance sheet date was £Nil (2019: £Nil). Since the balance sheet date, the company has committed a further spend of £316,000 (2019: £127,000) on new projects.

22. Contingent liabilities

There are no material liabilities which have not been provided for in the financial statements for the Company at 31 December 2020 (2019: £Nil).

23. Related parties

Services provided to the Company by the ultimate holding company under the terms of a management services agreement include, but are not limited to, treasury and cash management, taxation, internal audit, accounting, external financial reporting, investor relations, public relations, legal, insurance, human resources and computer systems support. In addition, the ultimate holding company provides senior management time for operating involvement. Fees paid by the Company for these services are based on the actual cost of providing such services and are allocated based on either activity drivers, or where not practicable to isolate such drivers, the proportion of assets employed to the total assets in the business unit. This is consistent with the allocation of such costs to other business units within Grupo Bimbo.

Fees paid to the holding company in 2020 for these services were £631,000 (2019: £842,000).

During the year sales of £Nil (2019: £Nil) were made to intercompany entities.

Fees paid to Canada Bread Company Limited (previously the immediate holding company) in 2019 for services were £63,000 (2019: £71,000).

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Grupo Bimbo UK Limited

Notes to the financial statements Year ended 31 December 2020

Remuneration of key management comprised of the following expenses:

Company	2020 £'000	2019 £'000
Key management emoluments including social security costs	551	569
Company contributions to money purchase pension plans	16	18
	<u>567</u>	<u>587</u>

24. Ultimate parent company

Grupo Bimbo S.A.B. de C.V., a company registered in Mexico, is the ultimate and only parent company and the controlling party to consolidate the financial statements of the company. Copies of these financial statements can be obtained from the registered address; Grupo Bimbo S.A.B. de C.V., Santa Fe, Mexico City, Mexico, 1000 Prolongación Paseo de la Reforma, Colonia Peña Blanca Santa Fe, Álvaro Obregón, Zip code 01210, Distrito Federal, Mexico.