

**Company Registration No. 04571039**

**Grupo Bimbo UK Limited**

**Annual Report and Financial Statements**

**31 December 2022**



# **Grupo Bimbo UK Limited**

## **Annual Report and Financial Statements 2022**

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# **Grupo Bimbo UK Limited**

## **Annual Report and Financial Statements 2022**

### **Officers and professional advisers**

#### **Directors**

J B Smythe  
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 baked products for the retail and foodservice markets, in the UK and Europe.

The company operates from three locations, two for Bagels and one for Continental. The manufacturing facilities are focused on their own specific product categories and servicing our customers. The Company also utilizes intercompany links to bring in additional products to sell into the UK market.

### Business review and results

The results for the year are shown in the Income Statement on page 15.

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

Turnover increased to £134.7 million (2021: £109.7 million) as a result of volume growth and price increases to cover input cost inflation.

Gross profit increased to £36.2 million (2021: £32.6 million), driven by an uplift in core sales. The main commodity inflation was seen through wheat and utilities which subsequent to year end have been passed through to customers.

The operating loss for the financial year was £4.8 million (2021: £4.5 million). The underlying UK operation performed as expected but with some short term adverse impacts from inflationary recovery with customers, along side the exceptional costs incurred in 2022.

### 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

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;
- Capacity by production line;
- Complaints per million units sold;
- Order fill performance %; and
- Market share %

## **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).

The company has considered climate change and does not view it to have a material impact on the entity outside of what has already been reviewed.

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.

In 2022 the Company acquired 100% of the shares of Sherlock Foods Holdings Ltd the holding company of the St Pierre Groupe of companies which operate an International Branded Bakery business.

# **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 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 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 food charities, 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 sustainability policy, the Company ensures it operates with a sense of social morality for all stakeholders, with a targeted program to reduce carbon emissions to become net zero by 2050.

#### **Principal Decisions**

The acquisition of the shares of Sherlock Foods Holdings Ltd and the business restructuring project are considered to be both material to the company and significant to the company's stakeholders.

## Grupo Bimbo UK Limited

### SECR Statement

The following figures show the consumption and associated emissions for this reporting year for our operations, with figures from the previous reporting period included for comparison.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

#### Totals

The total consumption (kWh) figures for reportable energy supplies are as follows:

Utility and Scope	2022 Consumption (kWh)	2021 Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	17,005,476	14,872,211
Gaseous and other fuels (Scope 1)	43,726,477	44,978,355
Transportation (Scope 1)	465,673	441,799
Transportation (Scope 2)	2,441	0
<b>Total</b>	<b>61,200,067</b>	<b>60,292,364</b>

The total emission (tCO<sub>2</sub>e) figures for reportable energy supplies are as follows. Conversion factors utilised in these calculations are detailed in the appendix:

Utility and Scope	2022 Consumption (tCO <sub>2</sub> e) (location-based)	2021 Consumption (tCO <sub>2</sub> e) (location-based)
Grid-Supplied Electricity (Scope 2)	3,288.52	3,157.82
Gaseous and other fuels (Scope 1)	7,981.83	8,238.24
Transportation (Scope 1)	107.81	102.19
Transportation (Scope 2)	0.47	0
<b>Total</b>	<b>11,378.63</b>	<b>11,498.24</b>

## Grupo Bimbo UK Limited

The total emission (tCO<sub>2</sub>) figures through utilising market-based location factors to demonstrate the carbon reduction achieved by renewable electricity procurement. This is carbon dioxide only as opposed to carbon dioxide equivalent.

Utility and Scope	2022 UK Consumption (tCO <sub>2</sub> ) (market-based)	2021 Year UK Consumption (tCO <sub>2</sub> ) (market-based)
Grid-Supplied Electricity (Scope 2)	0	0
Gaseous and other fuels (Scope 1)	7,981.83	8,238.24
Transportation (Scope 1)	107.81	102.19
Transportation (Scope 2)	0.47	0
<b>Total</b>	<b>8,090.11</b>	<b>8,340.43</b>

### Intensity Metric

An intensity metric of tCO<sub>2</sub>e per £m turnover has been applied for our annual total emissions. The methodology of the intensity metric calculations is detailed in the appendix, and the results of this analysis are as follows:

Intensity Metric	2022 Intensity Metric	2021 Intensity Metric
tCO <sub>2</sub> e per £m turnover	79.98	96.94

### Energy Efficiency Improvements

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next five years.

#### Measures ongoing and undertaken through 2022:

##### Scope 3 baselining

During 2022, we measured our 2020 scope 3 emissions baseline for the first time and completed our 2021 Scope 3 emissions calculations. All 15 Scope 3 categories were assessed for applicability to our business. We will continue to calculate our full carbon footprint each year.

##### Net-zero Strategy

Following workshops with external experts and internal discussions, we set short-term and net-zero targets. We will now work to implement strategies to meet these targets.

##### Sub-metering

Increase sub-metering and energy monitoring were undertaken. This should allow us to target energy efficiency improvements where it will have the most benefit.

##### EV Rollout

We continue to switch company cars from hybrid to full electric vehicles.

#### Measures prioritised for implementation in 2023:

##### Solar PV

Feasibility studies and a competitive tender process have been completed for the potential installation of solar at both the Maidstone and Rotherham facilities.



## **Grupo Bimbo UK Limited**

### **Heat Recovery**

Feasibility studies have been undertaken to ascertain the quantity of recoverable heat and the options to reuse it within on-site processes. This would ultimately result in lower operational gas demand.

Signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'J Stratton', written over a horizontal line.

J Stratton  
Director

21st April 2023

# Grupo Bimbo UK Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

### Proposed dividend

No dividend has been paid or proposed by the Company for the year ended 31 December 2022 (2021: £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 47 days (2021: 54 days) purchases in trade payables.

### Directors

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

J B Smythe  
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.

We have worked diligently to create and maintain a culture in the workplace where eliminating workplace injuries and keeping safe is embedded in everything we do, and is the responsibility of each and every associate. 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 developed and invested behind a robust diversification strategy to expand into new brands and product categories.

## **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 liabilities valued at £18.3 million (2021: £0.3 million) as disclosed in note 1.

The directors have prepared forecasts for the Company for a period 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.

The forecasts are prepared considering potential downside scenarios to ensure the Company has considered all possible challenges. These include fluctuations in sales and commodity prices. The directors have performed reverse stress testing as part of the overall exercise to ensure the business is equipped and will continue to operate with minimal impact.

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.

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 18).

#### **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 with a value of £70,000 (2021: £30,000) during the year.

# **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



J Stratton  
Director

21<sup>st</sup> April 2023

## **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 2022 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 UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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.

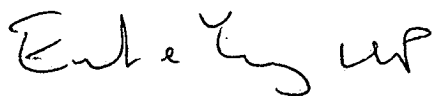
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, IFRS, the Companies Act 2006 and the relevant tax laws and regulations in the UK. In addition, we concluded 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  
Leeds*

**25th April 2023**



## Grupo Bimbo UK Limited

### Income Statement Year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Revenue</b>		134,682	109,670
Cost of sales		(98,517)	(77,088)
<b>Gross profit</b>		36,165	32,582
Distribution expenses		(16,676)	(15,914)
Administrative expenses		(19,799)	(21,206)
Administrative expenses – exceptional costs	13	(4,467)	-
<b>Operating (loss)/profit</b>	2	(4,777)	(4,538)
Finance expenses	4	(459)	(220)
<b>Loss before tax</b>		(5,236)	(4,758)
Taxation	5	1,168	1,894
<b>Loss for the year</b>		(4,068)	(2,864)

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 20 to 42 form part of these financial statements.

## Grupo Bimbo UK Limited

### Statement of financial position As at year end 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Property, plant and equipment	6	45,843	44,846
Intangible assets	7	3,789	4,056
Investments	8	290,774	-
Deferred tax assets	9	8,075	6,907
Right of use asset	19	3,463	4,339
		<u>351,944</u>	<u>60,148</u>
<b>Current assets</b>			
Inventories	10	4,978	3,941
Trade and other receivables	11	24,989	20,967
Amount due from group companies	8	5,191	-
Cash and cash equivalents	12	-	1,059
		<u>35,158</u>	<u>25,967</u>
<b>Total assets</b>		<u>387,102</u>	<u>86,115</u>
<b>Current liabilities</b>			
Bank overdraft	12	(1,162)	-
Trade and other payables	14	(24,057)	(25,059)
Amounts due to group companies	14	(27,000)	-
Lease liabilities	19	(1,288)	(1,190)
		<u>(53,507)</u>	<u>(26,249)</u>
<b>Non-current liabilities</b>			
Provisions	15	(1,010)	(1,084)
Other payables	16	(18,109)	(228)
Lease liabilities	19	(2,636)	(3,646)
		<u>(21,755)</u>	<u>(4,958)</u>
<b>Total liabilities</b>		<u>(75,262)</u>	<u>(31,207)</u>
<b>Net assets</b>		<u>311,840</u>	<u>54,908</u>

## Grupo Bimbo UK Limited

### Statement of financial position (Continued) As at year end 31 December 2022

		2022	2021
Equity	Notes	£'000	£'000
Share capital	17	382,757	121,757
Share premium		8,538	8,538
Capital redemption reserve	17	6,823	6,823
Retained earnings		(86,278)	(82,210)
		<u>311,840</u>	<u>54,908</u>

The financial statements of Grupo Bimbo UK Ltd, registered number 04571039 were approved by the Board of Directors on 21<sup>st</sup> April 2023

Signed on behalf of the Board of Directors



Director

J Stratton

21/4/23

The notes on pages 20 to 42 form part of these financial statement.

## Grupo Bimbo UK Limited

### Statement of changes in equity Year ended 31 December 2022

	Share capital £000	Share premium £000	Capital contribution £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	118,757	8,538	6,823	(79,346)	54,772
Issue of Shares Capital (Note 17)	3,000	-	-	-	3,000
Total comprehensive loss for the period	-	-	-	(2,864)	(2,864)
<b>Balance at 31 December 2021</b>	<b>121,757</b>	<b>8,538</b>	<b>6,823</b>	<b>(82,210)</b>	<b>54,908</b>
Balance at 1 January 2022	121,757	8,538	6,823	(82,210)	54,908
Issue of Shares Capital (Note 17)	261,000	-	-	-	261,000
Total comprehensive loss for the period:	-	-	-	(4,068)	(4,068)
<b>Balance at 31 December 2022</b>	<b>382,757</b>	<b>8,538</b>	<b>6,823</b>	<b>(86,278)</b>	<b>311,840</b>

The notes on pages 20 to 42 form part of these financial statement.

# Grupo Bimbo UK Limited

## Statement of cash flows Year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Loss for the year		(4,068)	(2,864)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		4,245	4,429
Financial expense	4	459	220
Loss on sale of property, plant and equipment	2	16	199
Deferred government grant		-	-
Taxation	5	(1,168)	(1,894)
		(516)	90
Increase in trade and other receivables		(4,022)	(2,515)
(Increase)/ decrease in inventories		(1,037)	475
Increase/ (decrease) in trade and other payables		(1,060)	7,466
Increase/ (decrease) in provisions and employee benefits		(256)	(556)
		(6,891)	4,960
Interest paid	4	(374)	(167)
<b>Net cash flow from operating activities</b>		<b>(7,265)</b>	<b>4,793</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	6	(4,990)	(6,834)
Acquisition of Sherlock Foods, including loan advance	8	(295,966)	-
<b>Net Cash flows from investing activities</b>		<b>(300,956)</b>	<b>(6,834)</b>
<b>Net Cash flows from financing activities</b>			
Proceeds from the issue of share capital	17	261,000	3,000
Group loan finance for acquisition of Sherlock Foods		45,000	-
<b>Net cash flow from financing activities</b>		<b>306,000</b>	<b>3,000</b>
Net increase in cash and cash equivalents		(2,221)	959
Cash and cash equivalents at the beginning of the year		1,059	100
<b>Cash and cash equivalents at the end of the year</b>	12	<b>(1,162)</b>	<b>1,059</b>

The notes on pages 20 to 42 form part of these financial statement.

# Grupo Bimbo UK Limited

## Notes to the financial statements Year ended 31 December 2022

### 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

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Amendment to IFRSs: Annual Improvements to IFRSs 2015-2017 Cycle  
IFRS 16: Leases

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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.

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## **Grupo Bimbo UK Limited**

### **Notes to the financial statements Year ended 31 December 2022**

#### **1. Accounting policies (continued)**

##### **Going concern**

The financial statements have been prepared on a going concern basis, with the Company's net current liabilities valued at £18.3 million (2021: £0.3 million).

The directors have prepared forecasts for the Company for a period 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. The forecasts are prepared considering potential downside scenarios to ensure the Company has considered all possible challenges. These include fluctuations in sales and commodity prices. The directors have performed reverse stress testing as part of the overall exercise to ensure the business is equipped and will continue to operate with minimal impact.

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.

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.

# Grupo Bimbo UK Limited

## Notes to the financial statements Year ended 31 December 2022

### 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 2022**

### **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 2022

### 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 2022

### 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 2022

### 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 2022**

#### **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 2022

### 2. Operating loss

	2022 £'000	2021 £'000
Operating loss is stated after charging/(crediting)		
Inventories recognised as an expense	57,001	40,866
Depreciation of property, plant and equipment	3,978	4,161
Amortisation of intangible assets	267	268
Loss on disposal of fixed assets	16	199
Litigation Claim		
Exceptional costs (note 13)	(4,467)	-
Auditor's remuneration:		
Audit of Company financial statements	75	67
Other services relating to taxation	-	69
	<u>          </u>	<u>          </u>

### 3. Information regarding directors and employees

	2022 £'000	2021 £'000
<b>Directors' remuneration</b>		
Directors' emoluments	805	624
Company contributions to defined contribution pension plans	17	11
	<u>      </u>	<u>      </u>
	822	635
	<u>          </u>	<u>          </u>

Emoluments of the highest paid director amounted to £591,000 (2021: £448,000) including contributions to a defined contribution pension plan of £Nil (2021: £Nil). All directors accrue benefits under defined contribution pension plan.

	2022 No.	2021 No.
<b>Average number of persons employed</b>		
Office and management	73	71
Production	661	636
	<u>      </u>	<u>      </u>
	734	707
	<u>          </u>	<u>          </u>
	£'000	£'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	23,348	21,172
Social security costs	2,431	2,060
Company contributions to defined contribution pension plans	756	732
	<u>          </u>	<u>          </u>
	26,535	23,964
	<u>          </u>	<u>          </u>

# Grupo Bimbo UK Limited

## Notes to the financial statements Year ended 31 December 2022

### 4. Finance expenses

	2022 £'000	2021 £'000
Interest on bank overdraft	155	167
Interest on intercompany loans	219	-
Foreign exchange translation	85	53
Total finance expenses	459	220

### 5. Taxation

	2022 £'000	2021 £'000
<b>Analysis of charge in year</b>		
Current Tax:		
UK corporation tax on losses for the year	-	-
Prior year adjustment	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	(553)	(703)
Reduction in tax rate	(463)	(1,237)
Adjustment in respect of prior year	(151)	46
Deferred tax expense	(1,168)	(1,894)
Total tax on losses of ordinary activities	(1,168)	(1,894)
	2022 £'000	2021 £'000
Loss on ordinary activities before tax	(5,236)	(4,758)
Standard rate of corporate tax in the UK	19.00%	19.00%
Standard rate corporation tax charge	(995)	(904)
Expenses not deductible for tax purposes	821	269
Tax rate changes	(596)	(1,237)
Adjustment in respect of earlier years	(151)	46
Income not taxable	(247)	(68)
Total tax on loss on ordinary activities	(1,168)	(1,894)

## **Grupo Bimbo UK Limited**

### **Notes to the financial statements Year ended 31 December 2022**

#### **5. Taxation (continued)**

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery which included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Deferred taxation has been provided at 25% in these financial statements and the changes were substantially enacted at the balance sheet date.



# Grupo Bimbo UK Limited

## Notes to the financial statements Year ended 31 December 2022

### 6. Property, plant and equipment

	Property improvements £'000	Freehold buildings £'000	Plant, equipment and tooling £'000	Trailer £'000	Assets under construction £'000	Total £'000
<b>Cost</b>						
At 1 January 2021	2,807	13,812	73,458	35	5,716	95,828
Additions	-	-	-	-	6,834	6,834
Disposals	(668)	(802)	(2,807)	-	-	(4,277)
Transfers	159	1,612	4,430	-	(6,201)	-
At 31 December 2021	2,298	14,622	75,081	35	6,349	98,385
Balance at 1 January 2022	2,298	14,622	75,081	35	6,349	98,385
Additions	-	-	-	-	4,990	4,990
Disposals	(156)	-	(266)	-	-	(422)
Transfers	142	161	2,010	27	(2,340)	-
At 31 December 2022	2,284	14,783	76,995	62	8,829	102,953
<b>Depreciation and impairment</b>						
At 1 January 2021	2,807	4,275	46,363	11	-	53,456
Charge for the year	119	716	3,324	2	-	4,161
Disposals	(628)	(790)	(2,660)	-	-	(4,078)
At 31 December 2021	2,298	4,201	47,027	13	-	53,539
Balance at 1 January 2022	2,298	4,201	47,027	13	-	53,539
Charge for the year	142	606	3,224	5	-	3,978
Disposals	(156)	-	(250)	-	-	(406)
At 31 December 2022	2,284	4,807	50,001	18	-	57,110
<b>Net book value</b>						
At 31 December 2022	-	9,976	26,994	44	8,829	45,843
At 31 December 2021	-	10,421	28,054	22	6,349	44,846
At 1 January 2021	-	9,537	27,095	24	5,716	42,372

## Grupo Bimbo UK Limited

### Notes to the financial statements Year ended 31 December 2022

#### 7. Intangible fixed assets

	Customer relationships £'000	Goodwill £'000	Computer software £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	6,715	1,400	2,112	10,227
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2021	6,819	1,296	2,112	10,227
At 1 January 2022	6,819	1,296	2,112	10,227
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2022	6,819	1,296	2,112	10,227
<b>Amortisation and impairment</b>				
At 1 January 2021	3,791	-	2,112	5,903
Amortisation for the year	268	-	-	268
At 31 December 2021	4,059	-	2,112	6,171
Balance at 1 January 2022	4,059	-	2,112	6,171
Amortisation for the year	267	-	-	267
At 31 December 2022	4,326	-	2,112	6,438
<b>Net book value</b>				
At 31 December 2022	2,493	1,296	-	3,789
At 31 December 2021	2,760	1,296	-	4,056
At 1 January 2021	3,028	1,296	-	4,324

#### *Amortisation and impairment charge*

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

	2022 £'000	2021 £'000
Administrative expenses	267	268

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 2022

#### 8. Investments

	2022 £'000	2021 £'000
Additions	290,774	-
Net book value	290,774	-

On 22 September 2022 the Company acquired 100% of the shares of Sherlock Foods Holdings Ltd the holding company of the St Pierre Groupe of companies which operate an International Branded Bakery business. Consideration was made in cash of £290,774k to acquire the shares and cash of £5,191k was advanced to the company which is included as amounts due from group companies at the balance sheet date. Acquisition expenses of £3,610k were expensed as exceptional costs in the year. The purchase was funded through equity cash injections plus intercompany loans from our parent company

# Grupo Bimbo UK Limited

## Notes to the financial statements Year ended 31 December 2022

### 9. Deferred tax assets and liabilities

#### *Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Property, plant and equipment	-	(1,434)	527	-
Intangible assets	-	-	-	-
Provisions	(331)	(318)	-	-
Tax value of loss carry-forwards	(8,271)	(5,155)	-	-
	<u>(8,602)</u>	<u>(6,907)</u>	<u>527</u>	<u>-</u>
Tax (assets) / liabilities	(8,602)	(6,907)	527	-
Net of tax liabilities		-		
	<u>(8,075)</u>	<u>(6,907)</u>		
Net tax (assets)	<u>(8,075)</u>	<u>(6,907)</u>		

#### *Movement in deferred tax during the year*

	1 January 2022 £'000	Recognised in income £'000	31 December 2022 £'000
Property, plant and equipment	(1,434)	1,961	527
Intangible assets	-	-	-
Provisions	(318)	(13)	(331)
Tax value of loss carry-forwards utilised	(5,155)	(3,116)	(8,271)
	<u>(6,907)</u>	<u>(1,168)</u>	<u>(8,075)</u>

#### *Movement in deferred tax during the prior year*

	1 January 2021 £'000	Recognised in income £'000	31 December 2021 £'000
Property, plant and equipment	(2,760)	1,326	(1,434)
Intangible assets	-	-	-
Provisions	(308)	(10)	(318)
Tax value of loss carry-forwards utilised	(1,945)	(3,210)	(5,155)
	<u>(5,013)</u>	<u>(1,894)</u>	<u>(6,907)</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 25%.

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 2022

### 10. Inventories

	2022 £'000	2021 £'000
Raw materials, packing and consumables	3,219	2,592
Finished goods	1,759	1,349
	<u>4,978</u>	<u>3,941</u>

### 11. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	21,245	18,803
Other receivables	2,830	1,263
Prepayments	914	901
	<u>24,989</u>	<u>20,967</u>

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

### 12. Cash and cash equivalents

	2022 £'000	2021 £'000
Bank overdraft / cash at bank	(1,162)	1,059
Overdraft/cash and cash equivalents per cash flow statement	<u>(1,162)</u>	<u>1,059</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.

# Grupo Bimbo UK Limited

## Notes to the financial statements Year ended 31 December 2022

### 13. Exceptional costs

In 2022 the company embarked on a full potential project to recognize key initiatives to further strengthen its position as market leader.

	2022 £'000	2021 £'000
Acquisition costs, relating to Sherlock foods	3,610	-
Restructuring costs	857	-
	<u>4,467</u>	<u>-</u>

### 14. Trade and other payables

	2022 £'000	2021 £'000
<b>Current</b>		
Trade payables	16,384	14,757
Other taxes and social security	246	268
Accruals and deferred income	7,427	10,034
	<u>24,057</u>	<u>25,059</u>

The amounts due to group companies of £27m was drawn down against a revolving credit facility with Grupo Bimbo S.A.B. DE C.C. which expires on 31 August 2023, this is the repayment date for this Loan. Interest is paid a SONIA (Sterling Overnight Index Average) +0.60% paid quarterly.

### 15. Provisions

	Dilapidations £'000	Total £'000
Balance at 1 January 2021	1,012	1,012
Charged in the year	72	72
	<u>1,084</u>	<u>1,084</u>
Balance at 31 December 2021		
Balance at 1 January 2022	1,084	1,084
Charged in the year	(74)	(74)
	<u>1,010</u>	<u>1,010</u>
Balance at 31 December 2022		

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.

# Grupo Bimbo UK Limited

## Notes to the financial statements Year ended 31 December 2022

### 16. Other payables

	2022 £'000	2021 £'000
<b>Non-Current</b>		
Long term incentive plan	109	228
Long term intercompany loan	18,000	-
	<u>18,109</u>	<u>228</u>

The £18m was drawn down against a £50m revolving credit facility with Grupo Bimbo S.A.B. DE C.C. which expires on 21 September 2025. Interest is paid a SONIA (Sterling Overnight Index Average) +0.53% paid quarterly.

### 17. Called up share capital

	2022 £'000	2021 £'000
<b>Authorised, issued and fully paid</b>		
Ordinary shares of £1 each	121,757	118,757
	<u>121,757</u>	<u>118,757</u>
	<b>Ordinary shares</b>	
	2022 £'000	2021 £'000
On issue at 1 January	121,757	118,757
Issued during the year	261,000	3,000
	<u>382,757</u>	<u>121,757</u>
<b>On issue at 31 December</b>		

There were capital investments totalling 261 million £1 ordinary shares from the current parent company, Grupo Bimbo in September 2022 to inject cash into the UK business to support with the acquisition of St Pierre Group.

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

### 18. 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 2022**

#### **18. 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 £459,000 for the following year (2021: £220,000).

##### **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 2022 (2021: 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 2022

#### 18. 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	+ 1 year £'000	2022 £'000
<b>At 31 December 2022</b>				
Trade and other payables	15,222	8,836	-	24,058
Bank overdraft	1,162	-	-	1,162
Corporate payables	-	-	-	-
Corporate loans	-	27,000	18,000	27,000
	On demand £'000	1-3 months £'000	+ 1 year £'000	2021 £'000
<b>At 31 December 2021</b>				
Trade and other payables	14,757	10,302	-	25,059
Bank overdraft	-	-	-	-
Corporate payables	-	-	-	-
Corporate loans	-	-	-	-

##### 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 September 2022 the ordinary share capital of the company was increased by £261 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.

# Grupo Bimbo UK Limited

## Notes to the financial statements Year ended 31 December 2022

### 19. Leases

#### Right of use assets

	Plant and machinery £'000	Motor vehicles £'000	Other equipment £'000	Total £'000
At 1 January 2022	3,956	383	-	4,339
Initial adoption of IFRS 16				
Additions	-	331	-	331
Depreciation Expense	(1,049)	(158)	-	(1,207)
At 31 December 2022	2,907	556	-	3,463

#### Lease liabilities

	2022 £'000	2021 £'000
At 1 January	4,836	5,752
Additions	331	254
Accretion of interest	127	149
Payments	(1,370)	(1,319)
At 31 December	3,924	4,836
Current	1,288	1,190
Non-Current	2,636	3,646
<b>Total</b>	<b>3,924</b>	<b>4,836</b>

#### Amounts recognised in P&L

	2022 £'000	2021 £'000
Depreciation expense of right-of-use assets	1,207	1,181
Interest expense on lease liabilities	127	149
Expense relating to short-term leases (included in COS)	55	26
Total amount recognised in profit or loss	1,389	1,356

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 2022

#### 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 £756,000 (2021: £732,000).

Contributions totalling £152,178 (2021: £135,791) were payable to the fund at the year end and are included in other creditors.

#### 21. Capital commitments

As at 31 December 2022 the total committed spend at the balance sheet date was £Nil (2021: £Nil). Since the balance sheet date, the company has committed a further spend of £1,105,000 (2021: £119,000) 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 2022 (2021: £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 2022 for these services were £1,285,000 (2021: £968,000).

During the year sales of £Nil (2021: £Nil) were made to intercompany entities.

Fees paid to Canada Bread Company Limited (previously the immediate holding company) in 2022 for services were £Nil (2021: £47,000).

##### *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 2022

Remuneration of key management comprised of the following expenses:

Company	2022 £'000	2021 £'000
Key management emoluments including social security costs	805	624
Company contributions to money purchase pension plans	17	11
	<u>822</u>	<u>635</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.