

## **Guenther Bakeries UK Limited (05359892)**

### **Report and Financial Statements**

25 March 2023

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COMPANIES HOUSE

Guenther Bakeries UK Limited  
Registered No. 05359892

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## Corporate information

### Directors

A Brownlee  
J Buckles (Resigned 10<sup>th</sup> March 2023)  
J Grubbs  
T McRae (Resigned 31<sup>st</sup> March 2023)  
J-C Philippon  
D Tremblay (Appointed 1<sup>st</sup> April 2023)

### Secretary

B Meltzer

### Auditors

Ernst & Young LLP  
2 St Peter's Square  
Manchester M2 3EY

### Bankers

J P Morgan Chase Bank N.A.  
25 Bank Street  
Canary Wharf  
London EC2Y 5AJ

### Solicitors

Travers Smith  
10 Snow Hill  
London EC1A 2AL

### Registered Office

Hareshill Road  
Heywood  
Lancashire OL10 2TN  
United Kingdom

## Strategic report

The directors present their strategic report for the 52 weeks ended 25 March 2023.

### Principal activities and review of the business

The company's principal activity during the period continued to be the manufacture of bread buns and muffins primarily for sale within the United Kingdom.

During the year, Guenther Bakeries disposed of the Milton Keynes site in August 2022 as the site was loss making due to lower than anticipated volumes from a product that was de-listed.

Guenther Bakeries are now in the process of opening a new site in Coventry, which is supported by a £37m investment from the US. The site will increase capacity in the UK, reducing reliance on European imports to meet demand. The site will provide the option to expand further at a later date.

As noted on page 12 and excluding discontinued operations turnover for the 52 week period ended 25 March 2023 was £43,527,203, compared to £34,086,538 for the 52 week period ended 26 March 2022, which represents an increase of 27.7%. Loss on ordinary activities before interest and taxation was £249,035 for the 52 week period ended 25 March 2023 compared to a profit of £2,504,717 in the 52 week period ended 26 March 2022. Loss after taxation for the 52 week period ended 25 March 2023 was £3,749,911, compared to a profit after taxation of £978,787 for the 52 week period ended 26 March 2022. As noted on page 13, net current liabilities was £7,509,917 at 25 March 2023 down from a net current asset position of £17,294,108 at 26 March 2022 whilst shareholders' funds decreased 11.2% to £29,779,161 at 25 March 2023 from £33,529,074 at 26 March 2022.

The key financial and other performance indicators during the period were as follows:

	52 weeks ended 25 March 2023 £	52 weeks ended 26 March 2022 £	Change %
Turnover	43,527,203	34,086,538	27.7
Operating result	(249,035)	2,504,717	(109.9)
(Loss) / profit after tax	(3,749,911)	978,787	(483.1)
Equity shareholders' funds	29,779,162	33,529,074	(11.2)
Ratio of current assets to current liabilities	0.6	2.6	(76.9)

The business operates in a way that seeks to impact positively a number of different areas and stakeholders. This includes (a) the impact on the environment, where the business has adopted a number of initiatives to improve our environmental footprint (b) the impact on employees, and our respect for individual rights in general. Various policies exist in the business to promote employee welfare, whilst the business also considers the welfare of employees of suppliers also. (c) the impact on social matters. The business has adopted a number of policies and initiatives around issues such as wellbeing, diversity and inclusivity. The company is structured with responsibilities assigned to respective individuals to allow these policies to be monitored, and we believe that the response of such policies and initiatives has been positive. Please see comments in the Section 172 (1) statement segment of the Strategic Report for further comments in this area.

### Principal risks and uncertainties

The directors have identified the principal risks and uncertainties the Company faces as:

#### Operational management

The Company must maintain core operational activities. Management is continuously developing its disaster recovery procedures and carries out regular risk assessments.

#### Dependence on key customers

The Company has two key customer organisations which account for a significant proportion of revenue. To maintain these relationships, the Company works in partnership with these customers to deliver the

## Strategic report (continued)

specification and pricing of required products. The Company continues to look for new customers to reduce its reliance on these key customers.

### Exposure to credit, cash flow and liquidity risk

The main credit and cash flow risks are managed by policies concerning the credit offered and regular monitoring of outstanding amounts.

In addition, liquidity risk is managed by ensuring sufficient funds are available to meet amounts due; price risk is managed by ensuring favourable rates are negotiated through a choice of suppliers.

### Section 172 (1) Statement – stakeholder engagement

The Directors, in undertaking their ongoing activities, look to consider and involve the requirements of various stakeholders. The following is a summary of the activities and decisions taken by the Directors with regards to the different stakeholders.

Stakeholder	Activities and actions undertaken
Customers	The Directors ensure that the business constantly looks to engage with customers of the company. The business strives to work with customers to ensure that the specific needs and requirements of customers are met, even as they change. The company looks to ensure that communication is both regular and transparent to this regard, and there are regularly initiatives and projects undertaken with customers in response to different challenges and requirements as they arise. During the year, the company has looked in some instances to develop recipes and packaging solutions, in response to differing requirements from customers.
Suppliers	Our suppliers are a very important part of the process in the provision of our services for our customers. To that extent, the business maintains regular contact through meetings and site visits with key suppliers, in order to maintain and improve processes and outcomes from the business. We continue to ask suppliers to agree to a stated code of conduct, which looks to maintain high standards of ethics and compliance through services provided. The business regularly looks to ensure that payment practices are maintained and implemented with our suppliers.
Employees	The Directors consider it an important part of the business to engage employees and promote employee welfare through its decision-making process. Various activities and channels are made available for employees to engage with the business and have an input to decisions taken. These include quarterly town hall communications with all employees, where there is an open forum for any queries to be asked and opinions to be voiced. The business also undertook an employee survey, again for all employees in the company, covering a wide spectrum of issues, to gain the opinions of employees, and to look to factor these into the decision-making process. The business has also invested in the employees with training made available in a variety of different areas to assist in the development of employees in all areas. The Directors also continue to work in the area of diversity and inclusion, which is a core value of the company across all areas of the business.
Auditors and regulators	Compliance with relevant food standards and regulation agencies is a key part of the business. The Directors work to ensure that regular, open contact is made with regulators and that agreed actions and recommendations from audits and other visits are acted upon promptly, with the engagement of all business employees.
Wider community	The Directors look to be involved with the communities within which its sites are based. In light of this, the company is involved with charity work with both national and local charities. The business also looks to involve employees where possible in this. This has included visits to local charities throughout the year to help with their

## Strategic report (continued)

	activities on volunteer days. The business also ran a scheme offering donations to community charities and projects that employees were involved with.
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### Current world events

During the current financial year, levels of inflation have increased to their highest levels for many years, affecting many areas of the economy and our business. Consistent with safeguards against other risk areas described in this report, the management constantly reviews and monitors all cost areas across all areas of the business. During the financial year, in light of cost increases as a result of inflation, the business has continued to work closely with our key customers, especially with regards to pricing, to ensure that the business continues to trade profitably.

Another key event during the current financial year has been the continuation of the war in Ukraine, which is still ongoing. Whilst we believe that there has been no substantial specific impact of the war upon the business, the management continue to carefully monitor and review the situation with a view to any possible impact on supplies to or from the business.

### Impact of the United Kingdom leaving the European Union

Since the United Kingdom completed its exit from the European Union on 31 December 2020, the business continues to monitor the measures and procedures that were necessary as a result of the agreements reached between the European Union and the United Kingdom, especially with regards to the Free Trade Arrangement. The business also continues to assess and plan for how the business may be affected into the future by circumstances surrounding the subject of the departure from the Union, especially in the area of imports and exports between the United Kingdom and the European Union.

### Going concern

The business continues to operate in the midst of challenging economic and geo-political circumstances, including considerable rising inflation and the ongoing war in Ukraine. In spite of these challenges, demand for product from our main customers continued to increase during this financial year. The business continually monitors its forecasts, so to factor in any short term and short-to-medium term impacts of the circumstances described above.

The business seeks to be prudent in the assumptions underlying these forecasts and continues to review forecasts in light of new information which comes through. Regular consultation with our main customers to understand their latest forecasts assists our business in this.

Another identified potential risk is that of credit risk. On a weekly basis working capital and cash forecasts are prepared to ensure that cash is being collected to payment terms thus removing any risk of business disruption.

Further to this, the ultimate group undertaking has confirmed via a signed letter that support would be available should it be called upon up to and including 31 October 2024.

In light of our reviews of forecasts and the availability of cash resources for a period up to and including 31 October 2024, the directors consider that the going concern risks facing the business don't prevent the financial statements from being prepared on a going concern basis.

By order of the Board



Brooks Meltzer

Secretary

06<sup>th</sup> October 2023

## Directors' report

The directors present their report and financial statements for the 52 weeks ended 25 March 2023. As permitted by Section 414C of the Companies Act 2006, information can be found in the strategic report and forms part of this report by cross reference.

### Directors

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

A Brownlee  
J Buckles (Resigned 10<sup>th</sup> March 2023)  
J Grubbs  
T McRae (Resigned 31<sup>st</sup> March 2023)  
J-C Philippon  
D Tremblay (Appointed 1<sup>st</sup> April 2023)

### Results and dividends

The loss for the period after taxation amounted to £3,749,911 (52 weeks ended 26 March 2022 –£978,787 profit). No ordinary dividends were paid. The directors did not recommend the payment of any dividends during the period (52 weeks ended 26 March 2022 – £Nil).

### Future developments

The food products manufacturing business environment is expected to remain competitive in 2023 and 2024 with volatility in the costs of key commodity ingredients and energy in light of recent cost increases as noted in the strategic report on page 3. The Company will continue to focus on delivering high quality products at competitive prices to its key customers. A new site in Coventry is scheduled for 2024 to both increase product offering and improve capacity.

### Financial instruments

The Company's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to manage funds for the Company's operations.

### Disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### Employee involvement

Information is provided regularly to employees by means of normal management communication channels using written material and face-to-face meetings. A general awareness of the Company's performance is maintained through regular company bulletins and, through individual performance appraisals, employees are made aware of their individual contributions to the Company.

### Donations

The Company made no political donations in the current or prior period. Charitable donations of £2,413 were made in the period (2022: £1,668).

## Directors' report (continued)

### Energy and emissions report

In the year, the business adopted and continued energy efficiency actions in the following areas:

- Air leak reduction programme - Regular inspection / audit programme to identify, highlight and fix air leaks in the production area, to save lost compressed air
- Gas burner tuning programme - Regular preventative maintenance programme to ensure that the oven burners are running efficiently and in order – to promote efficient gas usage and eliminate waste
- Water leak identification / repair programme - Regular physical checks on water systems – to ensure any leaks are highlighted / identified and repaired
- Regular meetings of the business "Green Team" to agree upon other priorities and actions - Cross functional UK / European team, meets monthly to raise awareness around green agenda, suggest improvement actions + lead projects

	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
UK Energy Use kWh ('000)	30,822	33,068
Associated UK greenhouse gas emissions CO <sub>2</sub> e ('000)	5,931	7,503
Intensity ratio – UK emissions per kg produced (CO <sub>2</sub> e)	0.14	0.11

Associated greenhouse gases have been calculated using UK Government GHG Conversions factors for Company Reporting (Global Warming Potential per unit of Carbon Dioxide).

### Going concern

The financial statements have been prepared on the basis that the company is a going concern. The directors have reviewed forecasts for a period up to and including 31 October 2024 and are satisfied that the company can meet their obligations as they fall due. In addition to this, the ultimate group undertaking has confirmed via a signed letter that support would be available should it be called upon. Please see the Strategic Report on page 4 for further detail on the going concern basis of preparation of the financial statements.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Brooks Meltzer  
Secretary

06<sup>th</sup> October 2023

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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## **Independent auditors' report**

**to the members of Guenther Bakeries UK Limited**

### **Opinion**

We have audited the financial statements of Guenther Bakeries UK Limited ('the company') for the year ended 25 March 2023 which comprise the Income statement, Statement of financial position, Statement of changes in equity, and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 25 March 2023 and of the company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included an assessment and evaluation of the process followed by management to prepare the forecasts and challenges of the assumptions used within these forecasts. We also considered the results of various sensitivity testing to determine the impact of fluctuations in key assumptions on the available liquidity of the company.

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 to 31 October 2024 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.

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## **Independent auditors' report (continued)**

**to the members of Guenther Bakeries UK Limited**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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 company 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 7, 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.

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## **Independent auditors' report (continued)**

**to the members of Guenther Bakeries UK Limited**

### **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.

Our approach was as follows:

- 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 (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, environmental, anti-bribery and corruption regulations and GDPR (General Data Protection Regulation).
- We understood how Guenther Bakeries UK Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through reading the minutes of board meetings, site inspection reports and enquiries with our component teams.
- 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. We considered the risk of management override and assumed revenue to be a fraud risk, specifically as a result of topside journal postings to revenue.
- We performed audit procedures to address each identified fraud risk or other risk of material misstatement and incorporated data analytics into our testing of manual journals including segregation of duties, and into our testing of revenue recognition.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

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.

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## Independent auditors' report (continued)

to the members of Guenther Bakeries UK Limited

### 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.



Tehseen Ali (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

9<sup>th</sup> October 2023

## Income statement

for the period ended 25 March 2023

		52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
	Notes	£	£
<b>Turnover</b>	2	43,527,203	34,086,538
Cost of sales		(40,028,251)	(28,482,538)
<b>Gross profit</b>		3,498,952	5,604,000
Distribution costs		(364,104)	(326,193)
Administrative expenses		(3,383,884)	(2,773,090)
Other operating income		-	-
<b>Profit / (loss) on ordinary activities before interest, discontinued operations and taxation</b>	3	(249,035)	(2,504,717)
Interest payable and similar charges	5	(494,365)	(46,509)
Other interest receivable and similar income		137,360	428,694
(Loss) / Profit from discontinued operations		(2,183,232)	(1,636,889)
<b>(Loss) / profit on ordinary activities before taxation</b>		(2,789,272)	1,250,012
Tax on profit/(loss) on ordinary activities	6	(960,639)	(271,225)
<b>Loss / profit for the financial period</b>		(3,749,911)	978,787

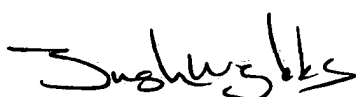
The income statement has been prepared on the basis that all operations are continuing operations.

## Statement of financial position

at 25 March 2023

	Notes	25 March 2023 £	26 March 2022 £
<b>Fixed assets</b>			
Tangible assets	7	38,552,748	16,545,051
<b>Current assets</b>			
Stocks	8	981,075	1,374,866
Debtors:			
Amounts falling due within one year	9	9,035,920	24,668,867
Cash at bank and in hand		2,270,611	2,205,378
		12,287,604	28,249,111
<b>Creditors: amounts falling due within one year</b>	10	(19,797,522)	(10,955,003)
<b>Net current assets / (liabilities)</b>		(7,509,917)	17,294,108
<b>Total assets less current liabilities</b>		31,042,831	33,839,159
Provisions for liabilities	11	(1,263,670)	(310,085)
<b>Net assets</b>		29,779,162	33,529,074
<b>Capital and reserves</b>			
Called up share capital	12	3,400,001	3,400,001
Share premium account	13	10,394,824	10,394,824
Revaluation reserve	13	559,632	559,632
Profit and loss account		15,424,705	19,174,617
<b>Shareholders' funds</b>		29,779,162	33,529,074

The financial statements were approved and authorised for issue by the Directors and signed on their behalf.



Justin Grubbs  
Director  
06<sup>th</sup> October 2023

## Statement of changes in equity

at 25 March 2023

	<i>Called up share capital £</i>	<i>Share premium account £</i>	<i>Revaluation reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 27 March 2021	3,400,001	10,394,824	603,127	18,152,335	32,550,287
Loss for the period	-	-	-	978,787	978,787
Transfer between reserves			(43,495)	43,495	-
At 26 March 2022	3,400,001	10,394,824	559,632	19,174,617	33,529,074

	<i>Called up share capital £</i>	<i>Share premium account £</i>	<i>Revaluation reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 26 March 2022	3,400,001	10,394,824	559,632	19,174,617	33,529,074
Loss for the period	-	-	-	(3,749,911)	(3,749,911)
At 25 March 2023	3,400,001	10,394,824	559,632	15,424,705	29,779,162

## Notes to the financial statements

for the period ended 25 March 2023

### 1. Accounting policies

#### *Statement of compliance*

Guenther Bakeries UK Limited is a limited liability company incorporated in England. The Registered Office is Harehill Road, Heywood, Lancashire, OL10 2TN.

The Company's financial statements have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as it applies to the financial statements of the Company for the 52-week period ended 25 March 2023 and the 52-week period ended 26 March 2022.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

#### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the period end date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no estimates and assumptions which are deemed to carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

#### *Going concern*

The business continues to operate in the midst of challenging economic and geo-political circumstances, including considerable rising inflation and the ongoing war in Ukraine. In spite of these challenges, demand for product from our main customers continued to increase during this financial year. The business continually monitors its forecasts, so to factor in any short term and short-to-medium term impacts of the circumstances described above.

The business seeks to be prudent in the assumptions underlying these forecasts and continues to review forecasts in light of new information which comes through. Regular consultation with our main customers to understand their latest forecasts assists our business in this.

Another identified potential risk is that of credit risk. On a weekly basis working capital and cash forecasts are prepared to ensure that cash is being collected to payment terms thus removing any risk of business disruption.

Further to this, the ultimate group undertaking has confirmed via a signed letter that support would be available should it be called upon up to and including 31 October 2024.

In light of our reviews of forecasts and the availability of cash resources for a period up to and including 31 October 2024, the directors consider that the going concern risks facing the business don't prevent the financial statements from being prepared on a going concern basis.



## Notes to the financial statements

for the period ended 25 March 2023

### 1. Accounting policies (continued)

#### **Statement of cash flows**

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 "Statement of Cash Flows" – Presentation of a Statement of Cash Flow and related notes and disclosures.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Long leasehold property	–	over 20 to 40 years
Plant and machinery and fixtures, fittings and equipment	–	over 2 to 10 years
Computer equipment	–	over 3 to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **Revenue recognition**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration receivable, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Interest income**

Revenue is recognised as interest accrues using the effective interest method.

##### **Dividends**

Revenue is recognised when the Company's right to receive payment is established.

#### **Government grants**

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### **Stocks**

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials and consumables	–	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	–	cost of direct materials and labour plus attributable overheads based on the normal activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

## Notes to the financial statements

for the period ended 25 March 2023

### 1. Accounting policies (continued)

#### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### *Financial assets*

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### *Financial liabilities*

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

#### *Taxation*

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 6.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the period end date where transactions or events have occurred at the date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the period end date.

## Notes to the financial statements

for the period ended 25 March 2023

### 1. Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the period end date. All differences are taken to the income statement.

#### *Operating leases*

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### *Employee benefits*

The costs of short-term employee benefits are recognised as a liability and an expense.

#### *Retirement benefits*

The Company operates a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

### 2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax. The Company operates within three geographical markets - the United Kingdom, Europe and the rest of the world.

An analysis of turnover by geographical market is given below:

	52 weeks ended 25 March 2023 £	52 weeks ended 26 March 2022 £
UK	39,490,335	29,388,494
Europe	2,782,659	3,732,356
Rest of world	1,254,209	965,688
	<u>43,527,203</u>	<u>34,086,538</u>

## Notes to the financial statements

for the period ended 25 March 2023

### 3. Profit on ordinary activities before interest and taxation

This is stated after charging:

	52 weeks ended 25 March 2023 £	52 weeks ended 26 March 2022 £
Depreciation of tangible assets		
- Cost of sales	2,238,171	2,099,790
- Administrative expenses	49,991	94,605
Loss on foreign exchange transactions	35,752	3,595
Operating lease rentals - plant and machinery	86,137	103,717
Operating lease rentals - land and buildings	723,003	476,594
Fees payable to the company's auditor for the audit of the company's annual financial statements	95,239	63,250
Loss / (Gain) on disposal of tangible fixed assets	1,787,472	(910)

Included in the above is expenditure relating to the discontinued operations – see note 17.  
Milton Keynes £2,237,502 (FY22: £511,338)

### 4. Staff costs

(a) Staff costs	52 weeks ended 25 March 2023 £	52 weeks ended 26 March 2022 £
Wages and salaries	9,230,586	8,150,898
Social security costs	1,052,375	1,163,716
Other pension costs	463,674	405,649
	<b>10,746,635</b>	<b>9,720,263</b>

The average monthly number of employees during the period was made up as follows:

	52 weeks ended 25 March 2023 No.	52 weeks ended 26 March 2022 No.
Administration	41	38
Manufacturing	164	141
	<b>205</b>	<b>180</b>

## Notes to the financial statements

for the period ended 25 March 2023

### 4. Staff costs (continued)

(b) Directors' remuneration

	52 weeks ended 25 March 2023 £	52 weeks ended 26 March 2022 £
Aggregate remuneration in respect of qualifying services	950,934	623,412
Company pension contributions to defined contribution schemes	74,308	30,857
	<u>          </u>	<u>          </u>

The remuneration for the highest paid director during the year was £556,583 (2022: £239,221).

### 5. Interest payable and similar charges

	52 weeks ended 25 March 2023 £	52 weeks ended 26 March 2022 £
Group interest payable	494,365	46,509
	<u>          </u>	<u>          </u>

### 6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	52 weeks ended 25 March 2023 £	52 weeks ended 26 March 2022 £
<i>Current tax:</i>		
UK corporation tax on the profit for the period	-	-
Adjustments for prior years	7,052	(128,046)
Total current tax	<u>7,052</u>	<u>(128,046)</u>
<i>Deferred tax:</i>		
Deferred tax charge for the current period	668,619	306,941
Adjustment for prior years	284,968	92,330
Total tax (note 6(b))	<u>960,639</u>	<u>271,225</u>

## Notes to the financial statements

for the period ended 25 March 2023

### 6. Tax (continued)

(b) Factors affecting total tax charge for the period

The tax assessed for the year is higher (2022 - higher) than the standard rate of corporation tax in the UK of 19% (52 weeks ended 26 March 2022 - 19%). The differences are explained below:

	52 weeks ended 25 March 2023 £	52 weeks ended 26 March 2022 £
(Loss) / profit on ordinary activities before tax	(2,789,272)	1,250,012
Loss / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(529,962)	237,502
<i>Effects of:</i>		
Non-deductible expenses	53,098	42,907
Adjustments to previous periods	178,789	(35,716)
Unused tax losses	336,746	-
Utilisation of tax losses	703,290	(45,040)
Tax charged at a higher rate	218,678	71,572
	1,490,599	33,723
Total tax charge/(credit) (note 6(a))	960,639	271,225

At the year end, the company had trading tax losses carried forwards of £18,214,713 (2022: £918,594).

### Future changes to Tax Rates

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery following the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, from the current main corporation tax rate of 19%. This increase is due to be effective from 1 April 2023 and has been substantively enacted on 24 May 2021. On this basis, deferred taxes on the balance sheet have been measured at 25% (2022 - 25%).

## Notes to the financial statements

for the period ended 25 March 2023

### 7. Tangible assets

	Long leasehold property £	Plant and machinery and fixtures, fittings and equipment £	Computer equipment £	Total £
Cost or valuation:				
At 26 March 2022	8,429,347	31,307,271	1,056,602	40,793,220
Additions	10,899,323	15,356,204	280,310	26,535,838
Disposals	(1,368,218)	(2,311,556)	(380,355)	(4,060,130)
Transfers	-	-	-	-
At 25 March 2023	17,960,452	44,351,919	956,557	63,268,928
Depreciation:				
At 26 March 2022	3,521,570	19,676,272	1,050,327	24,248,169
Disposals	(403,469)	(968,200)	(468,483)	(1,840,151)
Provided during the period	268,596	1,949,831	69,736	2,288,162
Impairment	(20,000)	-	-	(20,000)
At 25 March 2023	3,406,697	20,657,903	651,581	24,716,180
Net book value:				
At 25 March 2023	14,553,755	23,694,016	304,977	38,552,748
At 26 March 2022	4,907,788	11,630,988	6,275	16,545,051

Included in net book value of long-leasehold property is a value of £629,813 (2022 – £629,813) which represents the value of land in which the company has effective long-leasehold ownership through a 999-year peppercorn lease. Of the depreciation provided during the period, £49,991 (2022 - £94,605) is included within administrative expenses, and £2,238,171 (2022 - £2,099,790) is included within cost of sales.

The net book value associated to the discontinued operation with Milton Keynes (see note 17) and included above was £1,812,371

### 8. Stocks

	25 March 2023 £	26 March 2022 £
Raw materials and consumables	496,353	498,694
Finished goods	484,722	876,172
	981,075	1,374,866

The difference between purchase price or production cost of stocks and their replacement cost is not material.

## Notes to the financial statements

for the period ended 25 March 2023

Stocks recognised as an expense in the period were £20,193,982 (2022 - £14,334,474).

### 9. Debtors

	25 March 2023	26 March 2022
	£	£
Trade debtors	4,421,961	3,338,058
Amounts owed by group undertakings	-	18,530,405
Other debtors	4,432,837	2,619,282
Corporation tax	181,122	181,122
	<u>9,035,920</u>	<u>24,668,867</u>

### 10. Creditors: amounts falling due within one year

	25 March 2023	26 March 2022
	£	£
Trade creditors	4,986,528	3,956,150
Amounts owed to group undertakings	9,322,327	3,224,121
Amounts owed to related parties	2,712,226	1,331,480
Other taxes and social security costs	132,439	118,101
Other creditors	122,737	130,778
Accruals	2,521,265	2,194,373
	<u>19,797,522</u>	<u>10,955,003</u>

### 11. Deferred taxation

The movement in the deferred taxation provision during the year was:

	£
At 26 March 2022 liability	310,085
Adjustment in respect of prior periods (note 6)	668,619
Deferred tax charge to income statement in the period (note 6)	<u>284,967</u>
At 25 March 2023 liability	<u>1,263,671</u>

The deferred tax liability consists of the tax effect of timing differences in respect of:

	25 March 2023	26 March 2022
	£	£
Accelerated capital allowances	3,540,509	424,909
Tax trading losses carried forward	<u>(2,276,839)</u>	<u>(114,824)</u>
Deferred tax liability	<u>1,263,670</u>	<u>310,085</u>



## Notes to the financial statements

for the period ended 25 March 2023

### 12. Issued share capital

		25 March 2023		26 March 2022
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	3,400,001	3,400,001	3,400,001	3,400,001

### 13. Reserves

#### *Share premium account*

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

#### *Revaluation reserve*

This reserve records the amount over and above the initial cost value that tangible fixed assets are included in the financial statements at. The movement in the period is recorded in the statement in changes of equity. This related to the release of reserve following the disposal of certain assets.

### 14. Capital commitments

At 25 March 2023, the Company had capital commitments as follows:

	25 March 2023	26 March 2022
	<i>£</i>	<i>£</i>
Contracted for but not provided in the financial statements	4,897,798	8,368,442

### 15. Pensions

#### **Defined contribution**

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. Contributions totalling £28,752 (26 March 2022 – £24,824) were payable to the fund at the period end and are included in creditors.

	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
	<i>£</i>	<i>£</i>
Contributions paid by the Company for the period	449,254	405,649

## Notes to the financial statements

for the period ended 25 March 2023

### 16. Other financial commitments

At 25 March 2023, future minimal rentals payable under non-cancellable operating leases are as follows:

	25 March 2023	26 March 2022
	£	£
Operating leases which expire:		
<i>Less than one year</i>		
Land and buildings	492,900	476,594
Other	76,636	81,876
<i>Between two and five years</i>		
Land and buildings	3,475,266	1,906,376
Other	103,529	167,692
<i>Greater than five years</i>		
Land and buildings	8,285,315	2,156,892
Other	-	-
	<u>12,433,647</u>	<u>4,789,430</u>

### 17. Discontinued Operations

In August 2022 GBUK disposed of the Milton Keynes site as the site was loss making due to lower than anticipated volumes. The site only produced one product so when this product was de-listed the decision was made to close the site. An agreement was reached with "The Bread Factory" to take on the site including the transfer of existing employees.

### 18. Related party transactions

The Company has taken advantage of the exemption in section 33 of Financial Reporting Standard 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by Guenther Holdings Limited.

Included within debtors at 25 March 2023 are balances with the following group companies: Guenther Holdings Limited £Nil (2022: £18,376,953) and Trousdale Limited £Nil (2022: £153,452).

Included within creditors at 25 March 2023 are balances with the following group companies: Guenther 182 Limited £1,328,856 (2022: £1,328,856), Trousdale Limited £2,363,530 (2022: £1,083,004), Guenther Holdings £2,703,033 (2022: £105,886) and Guenther Bakeries Belgium BVBA £2,927,033 (2022: £706,376).

During the period ended 25 March 2023, the company incurred management charges and other expense recharges from CH Guenther & Son LLC, a fully-owned subsidiary of CHG PPC Holdings LLC, of £1,351,732 (2022: £1,324,852). At 25 March 2023, the company owed balances of £2,712,226 (2022: £1,310,593) to CH Guenther & Son LLC.

During the period ended 25 March 2023, the company traded with WBack GmbH, a fully-owned subsidiary of CHG PPC Holdings LLC. The company incurred expenses of £Nil (2022: £50,981) and issued sales and recharges of £508,773 (2022: £394,264) to WBack GmbH. At 25 March 2023, the company was owed a balance of £Nil (2022: £ Nil) and owed a balance of £Nil (2022: £20,886) to WBack GmbH.

## **Notes to the financial statements**

**for the period ended 25 March 2023**

### **19. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Guenther 182 Limited. The parent undertaking producing group financial statements which include the company is Guenther Holdings Limited. Copies of these financial statements are available from the company secretary at Hareshill Road, Heywood, Lancashire, OL10 2TN.

The directors consider the ultimate parent undertaking to be CHG PPC Holdings LLC, a company incorporated in the USA. The directors consider that there is no controlling party.

### **20. Post balance sheet events review**

There are no events to report as post balance sheet for this financial year.