

AMERICAN PAN UK LTD
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Rothmans Audit LLP
Statutory Auditors
Chartered Accountants
Fryern House
125 Winchester Road
Chandlers Ford
Hampshire
SO53 2DR

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FOR THE YEAR ENDED 31 DECEMBER 2019

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AMERICAN PAN UK LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

G L Bundy
R A Bundy
W Bundy
R Bundy Jr
M Casarin

REGISTERED OFFICE:

American Pan UK Ltd
Excalibur Way
Irlam
Manchester
M44 5DL

REGISTERED NUMBER:

02826812 (England and Wales)

AUDITORS:

Rothmans Audit LLP
Statutory Auditors
Chartered Accountants
Fryern House
125 Winchester Road
Chandlers Ford
Hampshire
SO53 2DR

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS

The business was acquired by international investors in July 2017 and since this date the company has invested in capital in the Irlam plant and has spent time in aligning the Company's procedures with those of the Group in health and safety and quality, to reach the high standards the Group is proud of.

The directors are pleased to report a 7.3% increase in turnover for the year to £15,124,801. This has been achieved by providing services in sectors in which we were not present and an aggressive sales policy.

Through careful cost control and improved manufacturing procedures the directors are also pleased to report an improvement in the Gross Profit margin from 12.4% to 18.1%.

Whilst overheads have reduced slightly from £3.41m to £3.36m, they are still considered to be high with many 'one-off' expenses which will be the focus of management going forward.

The overall result for the year was a vast improvement over the prior year, reducing the loss from £1.78m to £0.75m. Plans are in place to further improve the results for the following year by reducing our production direct cost, creating efficiencies and therefore economy of resources while still paying high attention to our high-quality standards.

Net current assets have remained fairly consistent year on year, but the net liability position has increased from £0.5m to £1.26m as a result of the loss for the year.

The Company is supported by long term borrowings from its shareholders of over £3.1m, who have confirmed their continuing support for the Company.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal financial instruments are comprised of bank balances, trade creditors, trade debtors, investor loans and finance lease/hire purchase agreements. The main purpose of these instruments is to provide finance for the Company's operations.

Due to the nature of the financial instruments used by the Company there is no exposure to price risk. The Company's approach to managing other risks applicable to the financial instruments concerned is shown below.

The interest rate on the loans is fixed. The Company manages the liquidity risk by ensuring there are sufficient funds to meet amounts due as required.

The Company is a lessee in respect of finance leased/hire purchased assets. The liquidity risk in respect of these is managed in the same way as loans above.

Trade debtors are managed in respect of credit and cash flow by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed to ensure sufficient funds are available to meet amounts due.

The risks associated with the UK Brexit decision and International trade policies will be continually reviewed and assessed as more information becomes available. The directors do not consider there to be a material impact from this due to the global network of companies within the Bundy Baking Solutions Group.

The Covid-19 pandemic had no impact on the year ended 31 December 2019 but has provided challenges in the current year.

The factory had reduced output for several weeks during the lockdown negatively affecting our business during the middle months of the year, recovering in the last quarter. The sales were affected by approximately 20%.

Staff were furloughed for several months due to business reduction, getting all our staff back gradually, with the remaining staff returning in November.

Orders have been delayed and some of them cancelled, but we are seeing the orders recovering in the service. The recovery is still slow in sales of new products but is expected to pick up in 2021.

Whilst there is still much uncertainty with regards to the pandemic the directors have implemented plans to minimise its impact by reducing cost while increasing production output and increasing our customer base.

ON BEHALF OF THE BOARD:

W Bundy - Director

14 December 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIVIDENDS

Dividends of £Nil will be distributed for the year ended 31 December 2019 (2018: £Nil).

RESEARCH AND DEVELOPMENT

The Company's research and development activities are concentrated on the development of new products together with the development of new release coatings, materials and methods for the baking and food processing industries.

FUTURE DEVELOPMENTS

The Company will continue to develop its products investing in R&D to increase the coatings range and expand the customer base. We also plan to expand activities in other sectors alongside increasing activities in the current core market, and being responsible and consistent with the quality of our services to our current customers.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

G L Bundy
R A Bundy
W Bundy
R Bundy Jr
M Casarin

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Rothmans Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

W Bundy - Director

14 December 2020

Opinion

We have audited the financial statements of American Pan UK Ltd (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 Financial Reporting Standard 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 state of the company's affairs as at 31 December 2019 and of its 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 Auditors' 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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Kevin Richards (Senior Statutory Auditor)
for and on behalf of Rothmans Audit LLP
Statutory Auditors
Chartered Accountants
Fryern House
125 Winchester Road
Chandlers Ford
Hampshire
SO53 2DR

18 December 2020

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
TURNOVER	3	15,124,801	14,089,869
Cost of sales		<u>12,384,852</u>	<u>12,339,006</u>
GROSS PROFIT		2,739,949	1,750,863
Administrative expenses		<u>3,364,256</u>	<u>3,410,014</u>
OPERATING LOSS	5	(624,307)	(1,659,151)
Interest receivable and similar income	6	<u>36</u>	<u>-</u>
		(624,271)	(1,659,151)
Interest payable and similar expenses	7	<u>130,341</u>	<u>119,403</u>
LOSS BEFORE TAXATION		(754,612)	(1,778,554)
Tax on loss	8	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(754,612)</u>	<u>(1,778,554)</u>

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
LOSS FOR THE YEAR		(754,612)	(1,778,554)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(754,612)</u>	<u>(1,778,554)</u>

BALANCE SHEET
31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		<u>1,836,578</u>		<u>1,870,143</u>
			1,836,578		1,870,143
CURRENT ASSETS					
Stocks	12	369,199		383,454	
Debtors	13	3,175,924		4,327,706	
Cash at bank and in hand		<u>2,149,310</u>		<u>2,471,742</u>	
		5,694,433		7,182,902	
CREDITORS					
Amounts falling due within one year	14	<u>5,654,938</u>		<u>7,112,374</u>	
NET CURRENT ASSETS			<u>39,495</u>		<u>70,528</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,876,073		1,940,671
CREDITORS					
Amounts falling due after more than one year	15		(3,132,567)		(2,440,999)
PROVISIONS FOR LIABILITIES	19		(4,648)		(6,202)
NET LIABILITIES			<u>(1,261,142)</u>		<u>(506,530)</u>
CAPITAL AND RESERVES					
Called up share capital	20		1,000,000		1,000,000
Capital contribution reserve	21		800,000		800,000
Retained earnings	21		<u>(3,061,142)</u>		<u>(2,306,530)</u>
SHAREHOLDERS' FUNDS			<u>(1,261,142)</u>		<u>(506,530)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 December 2020 and were signed on its behalf by:

W Bundy - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Capital contribution reserve £	Total equity £
Balance at 1 January 2018	1,000,000	(527,976)	250,000	722,024
Changes in equity				
Total comprehensive income	-	(1,778,554)	-	(1,778,554)
Capital contribution	-	-	550,000	550,000
Balance at 31 December 2018	<u>1,000,000</u>	<u>(2,306,530)</u>	<u>800,000</u>	<u>(506,530)</u>
Changes in equity				
Total comprehensive income	-	(754,612)	-	(754,612)
Balance at 31 December 2019	<u><u>1,000,000</u></u>	<u><u>(3,061,142)</u></u>	<u><u>800,000</u></u>	<u><u>(1,261,142)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. COMPANY INFORMATION

American Pan UK Ltd was incorporated on 14 June 1993 under the Companies Act 1985, as a private limited company and is registered in England and Wales. The principal activity of American Pan UK Ltd is the sale and refurbishment of industrial bakeware. The address of its head office and registered office is Excalibur Way, Irlam, Manchester, England, M44 5DL.

2. ACCOUNTING POLICIES**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The presentation currency is £ sterling.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Turnover

Turnover represents net amounts invoiced during the year (excluding value added tax) adjusted for accrued and deferred income where applicable.

Turnover for the sale of goods is recognised on despatch.

Turnover from operating leases is recognised at a constant rate over the length of the rental contract.

Fixed assets

All fixed assets are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of fixed assets initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life as follows:

Plant and machinery	10% to 20% reducing balance
Motor vehicles	10% to 33% on cost
Fixtures and fittings	10% to 20% reducing balance

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Stocks

Stocks are valued at the lower of cost and net realisable value, on a 'first in, first out' basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of fixed and variable overheads.

Rolling stock is valued at the cost of production and is maintained by regular refurbishment of the stock. Rolling stock is amortised over the length of its estimated useful life of 6 years.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. **ACCOUNTING POLICIES - continued**

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using tax rates and laws that been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a 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 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 balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet date. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Financial instruments

Basic financial instruments are measured at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES - continued**Significant judgements and estimates**

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 balance sheet date, and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

1) Leases

A lease that does not transfer substantially all of the risks and rewards of ownership is classified as an operating lease and is therefore not included in the statement of financial position.

Other key sources of estimation uncertainty;

1) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

2) Provisions

An estimate is made of the future costs of refurbishing 'rolling stock' over the life of the stock and its associated contract.

3. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

	2019 £	2018 £
Sale of goods	14,919,085	13,884,153
Income from operating leases	205,716	205,716
	<u>15,124,801</u>	<u>14,089,869</u>

Turnover comprises the sale and rental of goods to customers.

The analysis of turnover by geographical segment is not disclosed since, in the opinion of the directors, this would be prejudicial to the interests of the company.

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	1,369,226	1,305,577
Social security costs	138,684	134,253
Other pension costs	151,847	123,710
	<u>1,659,757</u>	<u>1,563,540</u>

The average number of employees during the year was as follows:

	2019	2018
Administrative staff	<u>19</u>	<u>24</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. EMPLOYEES AND DIRECTORS - continued

	2019 £	2018 £
Directors' remuneration	<u>-</u>	<u>-</u>

5. OPERATING LOSS

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

	2019 £	2018 £
Hire of plant and machinery	19,840	43,771
Depreciation - owned assets	277,200	306,671
Depreciation - assets on hire purchase contracts	18,599	23,774
Auditors' remuneration	20,000	20,000
Foreign exchange differences	(1,596)	(8,438)
Income from operating leases	<u>205,716</u>	<u>205,716</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Bank interest receivable	<u>36</u>	<u>-</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Interest payable	128,191	105,742
Hire purchase and finance lease charges	2,150	13,661
	<u>130,341</u>	<u>119,403</u>

8. TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Loss before tax	<u>(754,612)</u>	<u>(1,778,554)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(143,376)	(337,925)
Effects of: in prior year		
Deferred tax asset unprovided	143,376	337,925
Total tax charge	<u>-</u>	<u>-</u>

The company has estimated tax losses of £3.5m (2018: £3m) carried forward.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. OPERATING LEASES RECEIVABLE

The future minimum lease receipts which are due as a lessor under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Within one year	171,430	205,716
Between one and five years	-	171,430
	<u>171,430</u>	<u>377,146</u>

10. INTANGIBLE FIXED ASSETS

	Goodwill	Patents and licences	Totals
	£	£	£
COST			
At 1 January 2019 and 31 December 2019	<u>857,884</u>	<u>3,968</u>	<u>861,852</u>
AMORTISATION			
At 1 January 2019 and 31 December 2019	<u>857,884</u>	<u>3,968</u>	<u>861,852</u>
NET BOOK VALUE			
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

11. TANGIBLE FIXED ASSETS

	Plant and machinery	Motor vehicles	Fixtures and fittings	Totals
	£	£	£	£
COST				
At 1 January 2019	2,221,066	16,121	765,688	3,002,875
Additions	<u>212,931</u>	<u>12,345</u>	<u>36,958</u>	<u>262,234</u>
At 31 December 2019	<u>2,433,997</u>	<u>28,466</u>	<u>802,646</u>	<u>3,265,109</u>
DEPRECIATION				
At 1 January 2019	857,007	15,377	260,348	1,132,732
Charge for year	<u>213,340</u>	<u>960</u>	<u>81,499</u>	<u>295,799</u>
At 31 December 2019	<u>1,070,347</u>	<u>16,337</u>	<u>341,847</u>	<u>1,428,531</u>
NET BOOK VALUE				
At 31 December 2019	<u>1,363,650</u>	<u>12,129</u>	<u>460,799</u>	<u>1,836,578</u>
At 31 December 2018	<u>1,364,059</u>	<u>744</u>	<u>505,340</u>	<u>1,870,143</u>

The net book value of tangible fixed assets includes £30,998 (2018: £134,720) in respect of assets held under hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

12. **STOCKS**

	2019 £	2018 £
Raw materials	317,705	271,854
Work-in-progress	-	4,431
Rolling stock	<u>51,494</u>	<u>107,169</u>
	<u>369,199</u>	<u>383,454</u>

The value of stock recognised as an expense during the year was £10,401,214 (2018: £11,085,027).

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade debtors	2,632,275	3,401,476
Amounts owed by group undertakings	-	383,709
Other debtors	398,342	450,916
Prepayments and accrued income	<u>145,307</u>	<u>91,605</u>
	<u>3,175,924</u>	<u>4,327,706</u>

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Other loans (see note 16)	-	680,439
Hire purchase contracts (see note 17)	18,954	27,382
Trade creditors	1,613,722	3,459,368
Amounts owed to group undertakings	3,445,224	1,304,333
Social security and other taxes	88,710	1,078,539
Other creditors	101,873	130,703
Accruals and deferred income	<u>386,455</u>	<u>431,610</u>
	<u>5,654,938</u>	<u>7,112,374</u>

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019 £	2018 £
Shareholder loans (see note 16)	3,117,181	2,406,659
Hire purchase contracts (see note 17)	<u>15,386</u>	<u>34,340</u>
	<u>3,132,567</u>	<u>2,440,999</u>

16. **LOANS**

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Other loans	<u>-</u>	<u>680,439</u>
Amounts falling due between two and five years:		
Shareholder loans	<u>3,117,181</u>	<u>2,406,659</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

16. **LOANS - continued**

The loans provided by MCIH Limited and American Pan International Holdings Limited (Shareholder loans) are payable on demand from January 2021 with a maximum term of 15 years, ending in December 2032. Interest accrues on the loans carried forward from 2018 at 5% per annum but accrues on the loans taken out in 2019 at 4.5% per annum.

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	18,954	27,382
Between one and five years	15,386	34,340
	<u>34,340</u>	<u>61,722</u>
	Non-cancellable	operating leases
	2019	2018
	£	£
Within one year	220,440	220,440
Between one and five years	881,760	881,760
In more than five years	385,770	606,210
	<u>1,487,970</u>	<u>1,708,410</u>

18. **SECURED DEBTS**

The following secured debts are included within creditors:

	2019	2018
	£	£
Hire purchase contracts	<u>34,340</u>	<u>61,722</u>

The hire purchase contracts are secured over the assets to which they relate.

19. **PROVISIONS FOR LIABILITIES**

	2019	2018
	£	£
Other provisions	<u>4,648</u>	<u>6,202</u>
		Refurb provision
		£
Balance at 1 January 2019		6,202
Provided during year		16,181
Utilised during year		(17,735)
Balance at 31 December 2019		<u>4,648</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2019 £	2018 £
1,000,000	Ordinary		<u>1,000,000</u>	<u>1,000,000</u>

All shares are equal in all rights.

21. **RESERVES**

	Retained earnings £	Capital contribution reserve £	Totals £
At 1 January 2019	(2,306,530)	800,000	(1,506,530)
Deficit for the year	(754,612)		(754,612)
At 31 December 2019	<u>(3,061,142)</u>	<u>800,000</u>	<u>(2,261,142)</u>

Retained earnings are the accumulated profit and losses to date.

Capital contribution represents funds injected to the capital of the business by shareholders.

22. **ULTIMATE PARENT COMPANY**

American Pan Company is the ultimate parent company, incorporated in the US.

The largest and smallest group in which the results of the company are consolidated is that headed by American Pan International Holdings Limited. The American Pan International Holdings Limited consolidated accounts are available to the public and may be obtained from the Registrar of Companies.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The company is part of the Bundy Baking Solutions group. Companies within this group have shareholders in common to American Pan UK Ltd. Trading transactions with companies within this group are shown below.

	2019			2018		
	Sales	Purchases	Net Balance	Sales	Purchases	Net Balance
	£	£	£	£	£	£
American Pan Prestige SRL	2,031,304	7,291,165	(3,178,502)	1,796,917	197,555,917	(652,702)
Pan Glo UK Limited	1,591,143	2,604,608	(334,599)	1,460,421	13,495,310	(1,058,620)
American Pan Southern Europe Limited	11,704	243,691	5,831	47,900	530,037	(4,175)
Cainco Equipmentos Para Panificacai	77,936	300,860	(253,947)	25,700	149,715	(124,015)
American Pan Company (Durashield)	24,644	750,916	(193,563)	-	306,270	(301,618)
American Pan Company	-	259,546	(138,583)	-	-	-
CMBB Bakeware Canada Inc	-	10,261	-	-	26,750	(5,132)

During the year, American Pan International Holdings Limited, the intermediate parent company, provided the company with a loan. The balance outstanding at the year end is £2,637,181 (2018: £1,926,659) and is included within shareholder loans. The loan carried forward from 2018 (£1,926,659) bears interest at a rate of 5% while the loan taken out in 2019 (£710,522) bears interest of 4.5%. The loan is repayable on demand from January 2021 with a maximum term of 15 years, ending in December 2032.

During the year, MCIH Limited, a shareholder, provided the company with a loan. The balance outstanding at the year end is £480,000 (2018: £480,000) and is included within shareholder loans. The loan bears interest at a rate of 5%. The loan is repayable on demand from January 2021 with a maximum term of 15 years, ending in December 2032.

24. ULTIMATE CONTROLLING PARTY

The directors do not consider there to be one ultimate controlling party.