

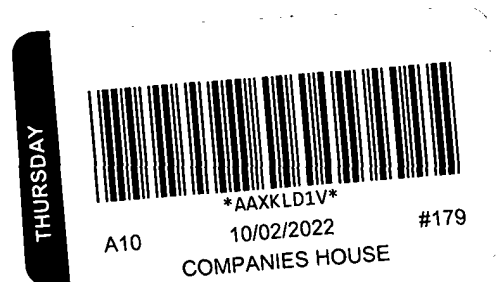
Baker Perkins Limited

Report and financial statements

Year Ended

31 December 2021

Company Number 05708493



Baker Perkins Limited

Company Information

Directors	Dan Bassett David J Spooner
Registered number	05708493
Registered office	Manor Drive Paston Parkway Peterborough PE4 7AP
Auditor	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	HSBC Bank plc 110 Grey Street Newcastle upon Tyne Tyne & Wear NE1 6JG
Solicitors	Trethowans LLP The Pavilion Botleigh Grange Business Park Hedge End Southampton SO30 2AF

Baker Perkins Limited

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Baker Perkins Limited

Strategic report For the year ended 31 December 2021

Introduction

The directors are pleased to present the Strategic report for the year ended 31 December 2021. The previous accounting period covers the 9 month period ended 31 December 2020. These financial statements are prepared for Baker Perkins Limited as a single company.

Business review

The principal activity of the Company is the engineering, manufacturing and installation of equipment principally for the dry foods industry. The Company operates in a global market.

Company turnover for the year ended was £43.3m (9 months ended 31 December 2020 - £23.3m), which when apportioning the previous period's revenue to 12 months represents a 39.6% increase. The increase in revenue is due to the bounce back from the depressed activity in the prior period resulting from the travel restrictions enforced by the COVID-19 pandemic on installation and servicing of our contracts. The Company's gross margin of 29.5% was an improvement on the previous period (9 months ended 31 December 2020 - 23.8%).

The Company's operating profit for the year ended amounted to £3.4m (9 months ended 31 December 2020 - loss of £449k) this year with EBITDA amounting to £4.3m (9 months ended 31 December 2020 - £125k).

The Company's results for the year were impacted by the effects COVID-19. However, due to post-lockdown rebounds and continued customer demand in our markets around the world, particularly in relation to overseas contracts, like for like sales increased. The Company continues with ongoing investment in targeted marketing and development costs to support the business. 2022 has a positive outlook with a strong orderbook and sales forecast.

The statement of financial position demonstrates that the Company's position continues to be robust in terms of gross assets and at the statement of financial position date the current ratio is 1.85 (9 months ended 31 December 2020 - 1.75). Net assets have increased to £13.6m from £11.2m at 9 months ended 31 December 2020.

Cash reserves continue to be swept into a central cash pooling account managed by Schenck, the Company's parent entity, resulting in a large balance within amounts owed by group undertakings.

Principal risk and uncertainties

The Company operates in a changing and competitive market place where continuing global competitiveness is dependent on maintaining existing customer relationships and developing our supply chain. The Company is confident that it can achieve these objectives and minimise the risk of falling short of its targets by providing outstanding quality of service to its customers at competitive prices, whilst improving efficiency.

A number of the risks and uncertainties that are faced by the Company are set out below.

Product safety is a potential risk given the type of equipment we produce. The direct financial expense of product safety failures is limited by our product liability insurance and the indirect costs are mitigated by careful selection of raw materials and suppliers, extensive product testing and monitoring of end-customer product satisfaction.

Obsolescence as a result of technological advances is also considered to be a risk given the type of industry we operate in. This is mitigated by a strategic focus and investment in research and development to ensure our products meet the high standards of innovation, productivity and safety that we have set ourselves.

Baker Perkins Limited

Strategic report (continued)
For the year ended 31 December 2021

Principal risk and uncertainties (continued)

Like any other similar business, retaining a suitably skilled workforce is also a challenge faced by our business. We also have policies and procedures to ensure qualified and appropriate staff are hired and maintained. Staff are encouraged to fully contribute to the business as the directors recognise that the future success of the business depends on the retention and dedication of key employees. Targeted remuneration packages which the directors consider to be attractive by industry standards are offered to mitigate this risk and encourage development.

The directors acknowledge that there remain levels of uncertainty related to the impact of COVID-19 which has affected the current trading activities of the Company as the number of cases increased throughout the year. This together with the lockdowns in 2020 and 2021 contributed to a lack of forecast accuracy around future trading levels. The directors have taken a number of measures to monitor and mitigate the effects of COVID-19 such as health and safety measures for our people and securing the continued supply of materials essential to the production process throughout the period and subsequently into 2022 to ensure that the current order book is in line with the prior period.

At this stage, the impact on the business and results has not been significant and based on our experience to date we expect this to remain. As we operate in the Food processing equipment market we have found continued demand for our products and services and expect this to continue. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people. Further details on the director's going concern assessment and the impact of COVID-19 is provided in note 2.5.

Financial key performance indicators

Turnover and profitability are key performance indicators. These KPIs continue to be monitored and have been detailed in the paragraphs above.

Net assets have moved in line with the Directors' expectations. As at 31 December 2021, net assets are £13.6m with net current assets being £16.5m.

Other key performance indicators

The Company uses non-financial KPIs as part of its overall assessment strategy.

This includes measures such as on-time delivery performance in both our capital and aftermarket sectors, which was in line with prior year.

Cost of poor quality is measured, in terms of complaints received and corrective action costs. Within the year, complaints are similar to last year, and warranty costs continue to be a focus, at 0.42% of sales (2020 - 0.6%).

Customer services' margins have continued at the previous consistent levels.

We continue to focus on our safety regime and monitor the number of incidents in each period, incident trends and the length of time since the last RIDDOR reportable injury occurred. Two RIDDOR accidents occurred within the period. The total reported injuries continue to reduce steadily averaging xx per month within the period, (9 months ended 31 December 2020 - 1.4 per month).

Furthermore, Baker Perkins Limited once again retained its ISO9001 quality standard.

Baker Perkins Limited

Strategic report (continued)
For the year ended 31 December 2021

Directors' statement of compliance with duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this Section 172 requires a director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the Company.

In discharging our Section 172 duties we have regard to the matters set out above.

The s172 Director's Duty is to "promote the success of the Company for the benefit of its members as a whole", whilst having regard to other stakeholder interests. The Duty emphasises that Boards must consider the wider impact of their decisions, rather than just the financial and strategic elements. The Board should create a culture whereby the long-term consequences of its actions and the long-term success of the Company are given due consideration. These pages, and references in the Strategic report, show how the Board has applied s172 requirements to its decision making throughout the year.

The directors take care to consider the interests of all stakeholders when deciding on courses of action, but also recognises that the result will not always be a positive one for all stakeholder groups. The directors take into consideration the strategy, purpose, values and culture of the business when making decisions.

At every meeting, the directors and executive team receive reports on matters including safety and security performance, financial and operational performance, sales and marketing and new business developments. Over the course of the financial year, the director also reviews other matters including the Company's business strategy, key risks, stakeholder-related matters and governance, compliance and legal matters.

Employees

We define employees as the combination of employees and those contractors who work for us for periods in excess of 3 months per year. The Company's long-term success is predicated on the commitment of our workforce to our purpose and its demonstration of our values on a daily basis.

We engage with our workforce to ensure that we are fostering an environment that they are happy to work in and that best supports their well-being. We invest significantly in our workforce as we believe that maintaining low turnover rates across the entire workforce is the source of our industry-leading efficiency and productivity rates.

Suppliers

We have a large supplier base from International to local independent family run businesses. Our suppliers are fundamental to the quality of our products and to ensuring that as a business we meet the high standards of conduct that we set ourselves. We have various communication channels open to suppliers and pride ourselves in targeting "to terms" payment.

Customers

Engaging with our customers helps us to understand their needs and identify opportunities and challenges. Collaborating with our customers enables us to use our expertise to improve the safety and efficiency of their manufacturing processes, enhance their end-product quality and reduce their costs. Senior-level dialogue is maintained with all key customers, including visits to customers' sites.

Baker Perkins Limited

Strategic report (continued)
For the year ended 31 December 2021

Directors' statement of compliance with duty to promote the success of the Company (Continued)

Community

We are committed to maintaining positive relationships with the communities in which we operate. Our social responsibility activities complement our values and we encourage our employees to engage with communities and groups local to our operations. We encourage participation with local volunteering initiatives and support many local charities through sponsorship / donation.

Environment

Good environmental management is aligned with our focus on cost optimisation and operational excellence. We engage with appropriate organisations to ensure that we are complying with regulatory requirements.

Shareholders

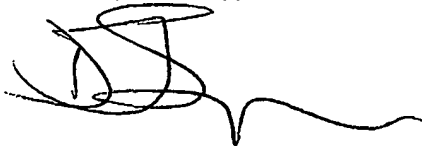
Management reporting information is provided on a regular basis.

Key decisions in the year

The key decision made by the directors in the year that impacts the key stakeholder interests noted above is:

- In relation to the measures implemented as a result of the COVID-19 pandemic. We have ensured that our site is COVID compliant and constantly review the latest legislation in order to protect the workforce and visitors. The Company insists on ensuring the highest standards are met at all times whether internally or externally and ensures training and guidance is provided throughout the year.

This report was approved by the board.



David J Spooner
Director

Date:

Baker Perkins Limited

Directors' report For the year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021. The previous accounting period covers the 9 month period ended 31 December 2020. These financial statements are prepared for Baker Perkins Limited as a single company.

Results and dividends

The profit for the year, after taxation, amounted to £2,378,000 (9 months ended 31 December 2020 - £581,000).

Dividends of £Nil (9 months ended 31 December 2020 - £Nil) were paid to Baker Perkins Holdings Limited during the year.

Directors

The directors who served during the year were:

Dan Bassett
David J Spooner

Future developments

The Company continues to invest to improve the capital equipment in key areas and operating capacity necessary to deliver the operational improvement required in the business in the future to improve competitiveness. Expenditure on employee training activity reflects our focus on customer service.

Prospect levels into the new financial year are encouraging, and the directors are optimistic that the planned targets for the business will be delivered.

Financial Instruments

The Company's operations expose it to a variety of financial risks that include the effects of liquidity risk, foreign currency risk and interest rate risk.

The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring the management of net cash, and the related finance costs, ensuring any interest rate risk is managed.

Liquidity risk is minimal given the Company's healthy cash balance and low gearing ratio. Management have in place effective working capital management policies and procedures and cash position and commitments are formally reviewed periodically. The Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Company makes sales on normal credit terms and manages the related risks through its credit control procedures and ongoing credit checks. Credit checks are implemented when new customers are taken on thereby ensuring any credit risk is effectively managed. In the opinion of the directors the exposure of such risks has been assessed and at present deemed to be low and at an acceptable level for the Company to continue to operate. The Company does not hedge any interest on its borrowings.

The Company uses forward currency contracts when management consider this to be appropriate. External expert advice is sought on the suitability of these currency contracts in respect of the timings and rate. There were forward contracts outstanding at the year end and a financial instrument liability has been recognised of £24,000 (31 December 2020 - asset of £125,000) in relation to these contracts.

Research and development activities

In total, the Company invested £387,000 (9 months ended 31 December 2020 - £395,000) in research and development activities in the year.

Baker Perkins Limited

Directors' report (continued)
For the year ended 31 December 2021

Engagement with employees

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the Company may continue.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

Qualifying third party indemnity provisions

The Company has in place qualifying third party indemnity provisions for the benefits of its directors.

Streamlined energy and carbon report

The Company is committed to reducing the amount of energy used throughout the business and ultimately reducing the carbon footprint.

Managing our environmental impacts

Working with the Energy Intelligence Centre we have identified numerous energy saving opportunities and undertook a program of changes to reduce our carbon footprint.

Reporting scope

This report below relates to the year ended 31 December 2021 (9 months ended 31 December 2020) and covers the operational aspects of the business.

Gas and Electricity accounts for 95% of total energy

Energy consumption as recorded is as below:

- Electricity consumption was - 31 December 2021 - 5,428,170 kwh (9 months ended 31 December 2020 - 3,503,974 kwh)
- Gas consumption was - 31 December 2021 - 1,476,620 kwh (9 months ended 31 December 2020 - 1,752,855 kwh)

The carbon emissions have been calculated in accordance with the Greenhouse GAS (GHG) Protocol. Using the 2021 government conversion factors of 0.2122 for electricity and 0.20292 for gas (2020 government conversion factors of 0.23314 for electricity and 0.18387 for gas) then the GHG emissions are recorded as:

- Total emissions: 31 December 2021 - 1,451,568 kg of CO₂e or 1,452 t CO₂e (9 months ended 31 December 2020 - 1,139,213 kg CO₂e or 1,139 t CO₂e)
- Intensity ratio; Tonnes of CO₂e per £'000 of Turnover – 31 December 2021 - 0.034:1 (9 months ended 31 December 2020 - 0.049:1)

Baker Perkins Limited

**Directors' report (continued)
For the year ended 31 December 2021**

Matters covered in the Strategic report

The Company has chosen, in accordance with Companies Act 2006, s.414C(11), to set out in the Company's Strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect of a review of its business, key performance indicators, its principal risks and uncertainties, and future developments and strategy.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

This report was approved by the board and signed on its behalf by:



David J Spooner
Director

Date:

Baker Perkins Limited

Directors' responsibilities statement For the year ended 31 December 2021

The directors are responsible for preparing the Strategic report, the Directors' 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). 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Baker Perkins Limited

Independent Auditor's Report to the Members of Baker Perkins Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Baker Perkins Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the 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 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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. 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.

Independence

We remain 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.

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 at least twelve 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.

Baker Perkins Limited

Independent Auditor's Report to the Members of Baker Perkins Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report 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. 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Director's report have been prepared in accordance with applicable legal requirements.

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 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 director's 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, 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.

Baker Perkins Limited

Independent Auditor's Report to the Members of Baker Perkins Limited (continued)

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud by:

- Enquiring of management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - a) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - b) detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - c) the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Obtaining an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding of the Company, sector experience and discussions with management. The most significant considerations for the Company are compliance with UK Accounting Standards, the Companies Act 2006, corporate taxes, VAT legislation, employment taxes, health and safety and the Bribery Act 2010.
- Discussing among the engagement team, to assess how and where fraud might occur in the financial statements and any potential indicators of fraud and non-compliance with laws and regulation.

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud or material misstatement arising in respect of non-compliance with laws and regulations, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit and carried out the following procedures:

- We reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We obtained a complete population of all journals in the period to identify and substantively tested any which we considered were indicative of management override.
- We reviewed the revenue recognition policies and ensured that they had been applied consistently. The focus of testing was on ensuring managements estimates in terms of stage of completion and future margin on capital product sales were appropriate. On a sample basis we substantively tested the existence of contracts and contract values, costs incurred to date and the allocation of costs to contracts and carried out look back testing to assess the accuracy of management estimates applied the previous period. We also reviewed revenue accounts for unusual transactions and journal transactions.

Baker Perkins Limited

Independent Auditor's Report to the Members of Baker Perkins Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business. As part of this review we considered the total unadjusted audit differences for indications of bias or deliberate misstatement.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

Gareth Singleton

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Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom
07 February 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Baker Perkins Limited

Statement of comprehensive income For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Turnover	4	43,320	23,276
Cost of sales		(30,535)	(17,735)
Gross profit		12,785	5,541
Administrative expenses		(9,394)	(5,990)
Operating profit/(loss)	6	3,391	(449)
Income from fixed assets investments	10	-	1,207
Interest receivable and similar income	11	41	29
Interest payable and similar expenses	12	(330)	(292)
Profit before tax		3,102	495
Tax on profit	13	(724)	86
Profit for the financial year/period		2,378	581

There was no other comprehensive income for the year ended 31 December 2021 (9 months ended 31 December 2020: £Nil).

The notes on pages 16 to 42 form part of these financial statements.

Baker Perkins Limited
Registration number: 05708493

Statement of financial position
As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	14	125	-
Tangible assets	15	7,116	7,670
		<u>7,241</u>	<u>7,670</u>
Current assets			
Stocks	17	3,154	2,984
Debtors: amounts falling due within one year	18	28,058	22,350
Cash at bank and in hand	19	4,702	4,180
		<u>35,914</u>	<u>29,514</u>
Creditors: amounts falling due within one year	20	<u>(19,441)</u>	<u>(16,885)</u>
Net current assets		<u>16,473</u>	<u>12,629</u>
Total assets less current liabilities		<u>23,714</u>	<u>20,299</u>
Creditors: amounts falling due after more than one year	21	(5,311)	(5,427)
Provisions for liabilities			
Deferred taxation	22	(126)	(31)
Other provisions	24	(4,700)	(3,642)
		<u>(4,826)</u>	<u>(3,673)</u>
Net assets		<u>13,577</u>	<u>11,199</u>
Capital and reserves			
Called up share capital	25	1,000	1,000
Profit and loss account	26	12,577	10,199
		<u>13,577</u>	<u>11,199</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


David Spooner
Director

Date:

The notes on pages 16 to 42 form part of these financial statements.

Baker Perkins Limited

Statement of changes in equity For the year ended 31 December 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	1,000	10,199	11,199
Comprehensive income for the year			
Profit for the year	-	2,378	2,378
Total comprehensive income for the year	-	2,378	2,378
At 31 December 2021	1,000	12,577	13,577

Statement of changes in equity For the 9 months ended 31 December 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2020	100	9,618	9,718
Comprehensive income for the 9 months			
Profit for the 9 months	-	581	581
Total comprehensive income for the 9 months	-	581	581
Shares issued during the 9 months	900	-	900
At 31 December 2020	1,000	10,199	11,199

The notes on pages 16 to 42 form part of these financial statements.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

1. General Information

Baker Perkins Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been consistently applied to all periods presented:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Platin 1426 GMBH. As a result of these exemptions, these financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures

This information is included in the consolidated financial statements of Platin 1426 GMBH as at 31 December 2021 and these financial statements may be obtained from Pallaswiesenstraße 1001 64293 Darmstadt, Germany.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a parent undertaking established under the law of non-UK state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.4 Impact of new international reporting standards, amendments and interpretations

There were a number of narrow scope amendments to existing standards which were effective for accounting periods commencing on or after 1 January 2021:

- IAS 39 "Financial Instruments: Recognition and Measurement"
- IFRS 4 "Insurance Contracts"
- IFRS 7 "Financial Instruments: Disclosures"
- IFRS 9 "Financial Instruments"
- IFRS 16 "Leases"

None of these had a material impact on the Company.

2.5 Going concern

The directors acknowledge that there remain levels of uncertainty related to the impact of COVID-19 which will affect the future trading activities of the Company. Measures taken by various governments to contain the virus have affected economic activity during the financial year. The impact of the pandemic on the Company's results have not been significant. Whilst there is uncertainty cause by the pandemic, resilience shown by the business through the periods of National and International lockdowns demonstrates the strength of the business. The Company has secured continued supply of materials essential to the production process throughout the period and subsequently into 2022 to ensure that the current order book is in line with the prior period.

The directors have reviewed budget information and cash flow forecast for the year through to March 2023. Having regard to the potential impact of all reasonably foreseeable events and circumstances, the directors have formed an expectation that the Company has adequate resources to continue in operation, meet liabilities as they fall due and operate within available cash resources over the period of assessment. Therefore, the financial statements have been prepared on a going concern basis. In light of the current order book, cash resources and the experience during the lockdown periods no material uncertainties have been identified in this assessment.

Aside from COVID-19, the directors consider that there are no other indicators to consider as part of the going concern assessment.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. In line with IFRS 15 Revenue from Contracts with Customers, the Company recognises revenue based on the application of a principles-based "five-step" model. Only when the five steps are satisfied is revenue recognised. In both of these cases the Company recognises revenue over time in line with IFRS 15, in proportion to the value of the consideration due for the work performed.

1) Capital contracts

The Company designs, manufactures and implements machinery used for the production of cakes, confectionary, cereal and other baked goods. The sale is a project that can often spread over several years.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Performance obligations and timing of revenue recognition

The Company recognises capital contract income on an over time basis, as the engineering, manufacturing and installation of the equipment for clients (which are collectively a single performance obligation) progresses. This is because the equipment would have no alternative use for the Company and the contracts would require payments to be received for the time and effort spent by the Company on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Company's failure to perform its obligations under the contract. The engineering, manufacturing and installation of the equipment are a single performance obligation, as a result of their interdependency.

An input method based on costs incurred to date is used to measure performance; costs incurred to date are compared to the total expected costs to complete the project. There is normally a direct correlation between the costs incurred and the proportion of the contract performed to date. This is considered a faithful depiction of the transfer of goods/services as the contracts are initially priced on the basis of anticipated costs to complete the projects and therefore also represents the amount to which the Company would be entitled based on its performance to date.

Determining the transaction price

The Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Commission costs are not included in the transaction price; they are deferred and recognised over the life of the contract. The Company does not offer an extended warranty. Warranties are therefore not a separate performance obligation.

Recognition of contract liability

When cumulative amounts invoiced exceed the value of work done for a contract, the excess is included in creditors as contract liabilities.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.6 Revenue (continued)

2) Spares

The Company sells spare parts to its customers to help them with the upkeep and maintenance of their machines purchased from the Company.

Revenue from the sale of spare parts is recognised at the point in time when all of the following conditions are satisfied:

- Control of the product has transferred to the buyer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the transaction; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

These criteria are normally met when the spare parts are received by the customer.

3) Servicing

The Company undertakes servicing and repairs of machines as part of maintenance contracts agreed with customers.

Revenue from servicing is recognised at the point of delivery of the service.

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Please refer to note 3 for discussion of the rates used.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.7 Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, any initial direct costs and any expected future costs in relation to dilapidations. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation of right-of-use assets

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in 'Tangible Fixed Assets' in the statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.9.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development

The directors review the nature of the development costs incurred and consider whether any material amounts qualify for capitalisation in accordance with IAS 38. Capitalised development costs are amortised based on the directors' estimate of the period of use for the asset. Amortisation commences once the development project is completed and the know-how is brought into use.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long Term Leasehold Property	- Life of lease
Plant and machinery	- 5 - 10 years
Motor vehicles	- 2 - 5 years
Furniture, fittings and equipment	- 2 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.10 Research and development

Research and early stage development expenditure is written off to the statement of comprehensive income in the year in which it was incurred. The directors review the nature of the development costs incurred and consider whether any material amounts qualify for capitalisation in accordance with IAS 38.

Capitalised development costs are amortised based on the directors' estimate of the period of use for the asset. Amortisation commences once the development project is completed and the know-how is brought into use.

2.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Dividend income from subsidiary undertakings is recognised in the statement of comprehensive income in the year in which it becomes legally receivable.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each statement of financial position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.13 Debtors

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Impairment of trade debtors and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Impairment of related party receivables

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model.

The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.15 Financial Instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or income as appropriate.

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.17 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.18 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.20 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the Financial Statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The key estimates and judgements are considered to be as follows:

Leases

Discount Rate:

Management have concluded that that the interest rate implicit in the leases cannot not be readily determined therefore the leases held have been discounted by the incremental borrowing rate (IBR), being the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain assets of a similar value to the right-of-use assets in a similar economic environment.

The rates of 6.11% for buildings and 5.89% for vehicles have been applied. These rates are consistent with those applied across the Schenck Group and are based on the Group's borrowing position, which are considered to be appropriate for the specific leased assets in question.

A +/- 1 % change in the weighted average incremental borrowing rate used to measure the initial lease liability would have an impact of +/- £21,000 on the total right of use asset value.

Lease terms:

On transition to IFRS 16, management calculated the lease term for each lease to be from the date of initial application (being 1 April 2019) to the lease expiration date as permitted by the standards. Management assessed this to be initial break option in 2032, as at initial application it was not reasonably certain the lease would be extended past this point. There have been no changes in circumstances that would invalidate this judgement.

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, in re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stocks

In determining stock provisions, future demand is evaluated and appropriate provisions are made to reflect the risk of obsolescence. This methodology is significantly affected by forecasted requirements for inventory. If actual demand or usage were to be lower than estimated, additional inventory provisions for excess or obsolete inventory may be required, which could have a material adverse effect on the business, financial condition and results of operations.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Bad debt provision

Judgement is required when determining if there is any impairment to the trade and other receivable balances. Trade receivables are reviewed for impairment if they are past due and are not repaid within the terms of the contracts. Other receivables are reviewed for impairment when there are any indications that they may not be recoverable. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. A provision for impairment will be made if following review of the balances, the Company considers it unlikely that any balance will be recovered.

Warranty provision

Warranties are provided for in the normal course of business based on an assessment of future claims with reference to past claims. Such costs are generally incurred over the product warranty claim period.

Provisions for other remedial work

Provisions for remedial work are provided in the normal course of business based on an assessment of the costs to be incurred in respect of goods and services supplied. Such costs are generally incurred over the product life cycle.

Dilapidation provisions

Dilapidations costs are determined by way of a professional valuation, and are accrued over the period of the lease.

Contract balances

Contract revenue is recognised in accordance with IFRS 15 input methodology on a percentage of completion basis. The directors estimate the percentage of completion based on the costs incurred to date as a proportion of total estimated costs of fulfilling the contract. The main estimation uncertainty is related to the costs to complete the project which is based on detailed project plans and the experience of the production team.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Capital contracts (recognised over time)	32,466	15,270
Spares (recognised at point in time)	6,968	4,907
Servicing (recognised at point in time)	3,886	3,099
	<u>43,320</u>	<u>23,276</u>

Analysis of turnover by destination:

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
United Kingdom	5,068	2,686
Rest of Europe	5,647	2,774
Rest of the world	32,605	17,816
	<u>43,320</u>	<u>23,276</u>

Included in revenue are amounts of £32,466,000 (9 months ended 31 December 2020 - £15,240,000) in relation to long term contracts.

5. Revenue from contracts with customers

The following information relates to contract assets:

	2021 Contract Assets £000	2020 Contract Assets £000
Balance brought forward	553	2,274
Transfers from contract assets to trade receivables	(553)	(2,274)
Excess of revenue recognised over invoiced amount	2,136	553
	<u>2,136</u>	<u>553</u>

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

5. Revenue from contracts with customers (continued)

In addition, the following information is provided for contract liabilities:

	2021 Contract Liabilities £000	2020 Contract Liabilities £000
Balance brought forward	(11,022)	(5,910)
Amounts included in contract liabilities that was recognised as revenue during the year/period	10,079	4,212
Cash received in advance of performance and not recognised as revenue during the year/period	(11,001)	(9,324)
	(11,944)	(11,022)

Contract assets and contract liabilities are included within "debtors" and "creditors" respectively on the face of the Statement of Financial Position. They arise from the Company's machinery design, manufacture and division, which enters into contracts that can take months to years to complete. Because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

6. Operating profit/(loss)

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

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Research charged as an expense	387	395
Depreciation of tangible fixed assets	965	574
Defined contribution pension cost	1,548	1,375
	1,548	1,375

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

7. Auditor's remuneration

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	55	34
Fees payable to the Company's auditor and associates in respect of:		
Other services relating to taxation	6	5
All other services	4	4
	<u>65</u>	<u>43</u>

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Wages and salaries	12,054	9,438
Social security costs	1,238	1,008
Cost of defined contribution scheme	1,548	1,375
	<u>14,840</u>	<u>11,821</u>

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

8. Employees (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2021 No.	9 months ended 31 December 2020 No.
Selling	26	24
Administration	27	31
Production	261	252
Apprentices	3	-
	<u>317</u>	<u>307</u>

9. Directors' remuneration

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Directors' emoluments	283	196
Company contributions to defined contribution pension schemes	56	5
	<u>339</u>	<u>201</u>

During the year retirement benefits were accruing to 2 directors (9 months ended 31 December 2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £168,000 (2020 - £160,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,000 (2020 - £Nil).

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

10. Income from fixed asset investments

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Dividends received from unlisted investments	-	1,207

11. Interest receivable

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Interest receivable from group companies	37	-
Other interest receivable	4	29
	<u>41</u>	<u>29</u>

12. Interest payable and similar expenses

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Preference share dividends	-	34
Interest on lease liabilities	330	257
Other	-	1
	<u>330</u>	<u>292</u>

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

13. Taxation

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Corporation tax		
Current tax on profits for the year/period	608	-
Adjustments in respect of previous periods	5	(2)
Total current tax	<u>613</u>	<u>(2)</u>
Deferred tax		
Origination and reversal of timing differences	-	(74)
Adjustment in respect of prior periods	111	(10)
Total deferred tax	<u>111</u>	<u>(84)</u>
Taxation on profit	<u>724</u>	<u>(86)</u>
Factors affecting tax charge/(credit) for the year/period		

The tax assessed for the year/period is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	Year ended 31 December 2021 £000	9 months ended 31 December 2020 £000
Profit before tax	<u>3,102</u>	<u>495</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	589	94
Effects of:		
Expenses not deductible for tax purposes	10	43
Fixed asset differences	(21)	-
Non-taxable income	-	(229)
Adjustments to tax charge in respect of prior periods	116	(12)
Remeasurement of deferred tax for changes in tax rates	30	-
Other differences leading to an increase in the tax charge	-	18
Total tax charge/(credit) for the year/period	<u>724</u>	<u>(86)</u>

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

13. Taxation (continued)

Factors that may affect future tax charges

The UK government announced on 3 March 2021 that it is intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was substantively enacted at the statement of financial position date it has been used to calculate the deferred tax balances.

At 31 December 2021, the Company had unrelieved tax losses of £745,000 (9 months ended 31 December 2020 - £776,000) available to be offset against future trading profits. The deferred tax asset recognised on these losses has been recognised in full at the enacted future rate of 25%. In the previous year deferred tax was recognised on these losses at the then future enacted rate of 19%.

14. Intangible assets

	Development in progress £000
Cost	
Additions	125
At 31 December 2021	<u>125</u>
Net book value	
At 31 December 2021	<u>125</u>
At 31 December 2020	<u>-</u>

The development project that the intangible asset relates to is still in progress and has yet to come into use. Consequently, the asset has not been amortised.

Baker Perkins Limited

Notes to the financial statements
For the year ended 31 December 2021

15. Tangible fixed assets

	Long Term Leasehold Property £000	Plant and machinery £000	Motor vehicles £000	Furniture, fittings and equipment £000	Total £000
Cost					
At 1 January 2021	6,210	3,526	86	736	10,558
Additions	-	197	-	217	414
Disposals	-	(40)	-	(220)	(260)
At 31 December 2021	<u>6,210</u>	<u>3,683</u>	<u>86</u>	<u>733</u>	<u>10,712</u>
Depreciation					
At 1 January 2021	852	1,431	17	588	2,888
Charge for the year	-	278	-	147	425
Charge for the year on right- of-use assets	516	-	24	-	540
Disposals	-	(38)	-	(219)	(257)
At 31 December 2021	<u>1,368</u>	<u>1,671</u>	<u>41</u>	<u>516</u>	<u>3,596</u>
Net book value					
At 31 December 2021	<u>4,842</u>	<u>2,012</u>	<u>45</u>	<u>217</u>	<u>7,116</u>
At 31 December 2020	<u>5,358</u>	<u>2,095</u>	<u>69</u>	<u>148</u>	<u>7,670</u>

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

15. Tangible fixed assets (continued)

The net book value of owned and leased assets included as "Tangible fixed assets" in the statement of financial position is as follows:

	2021 £000	2020 £000
Tangible fixed assets owned	2,229	2,243
Right-of-use tangible fixed assets	4,887	5,427
	7,116	7,670

Information about right-of-use assets is summarised below:

Net book value

	2021 £000	2020 £000
Property	4,842	5,358
Motor vehicles	45	69
	4,887	5,427

Depreciation charge

	12 months ended December 2021 £000	9 months ended December 2020 £000
Property	516	365
Motor vehicles	24	4
	540	369

Additions

	2021 £000	2020 £000
Motor vehicles	-	73
	-	73

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

16. Fixed asset investments

Baker Perkins Limited has an investment of \$100 in the ordinary share capital of Baker Perkins Inc. This investment represents 100% of the ordinary share capital of Baker Perkins Inc.

Baker Perkins Inc is incorporated in the USA. Its principal activity is the engineering, manufacturing and installation of equipment principally for the dry foods industry in the United States of America and other global markets. The Company also incorporates a plant for customer product development and trials.

17. Stocks

	2021 £000	2020 £000
Raw materials and consumables	2,629	2,327
Work in progress (goods to be sold)	525	657
	<u>3,154</u>	<u>2,984</u>

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

Impairment losses in relation to stock recognised during the year as an expense were £23,000 (9 months ended 31 December 2020 - £22,000).

18. Debtors

	2021 £000	2020 £000
Trade debtors	887	1,738
Amounts owed by group undertakings	23,503	18,715
Other debtors	1,284	1,017
Prepayments and accrued income	238	202
Contract asset	2,136	553
Financial instruments	-	125
	<u>28,058</u>	<u>22,350</u>

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

18. Debtors (continued)

At 31 December 2021 the lifetime expected credit loss provision for trade debtors is £110,543 (9 months ended 31 December 2020 - £97,298).

Amounts owed by subsidiary undertakings are unsecured, interest free and are repayable on demand. Probability of default is considered to be low therefore, no expected credit loss has been recorded in respect of these assets.

The amount recognised in the statement of comprehensive income in respect of the provision against trade debtor, contract assets and amounts owed by group undertakings was £Nil (9 months ended 31 December 2020 - £Nil).

Other classes of financial assets included within trade and other receivables do not contain impaired assets. The Company does not hold any collateral in respect of the above balances. They relate to customers with no default history. The carrying value of trade receivables classified at amortised cost approximates fair value.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Company's historical credit losses. The historical loss rates are then adjusted for current and forward looking information affecting the Company's customers.

19. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	4,702	4,180

Cash at bank and in hand includes an amount of £82,500 (9 months ended 31 December 2020 – £691,000) deposited with banks as guarantees to customers (note 27).

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

20. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Contract liabilities	11,944	11,023
Trade creditors	3,084	2,269
Amounts owed to group undertakings	578	-
Other taxation and social security	372	20
Lease liabilities	183	371
Other creditors	1,979	1,606
Accruals and deferred income	1,277	1,596
Financial instruments	24	-
	19,441	16,885

Amounts owed to group undertakings are unsecured and repayable on demand.

21. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	5,311	5,427

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2021 £000	2020 £000
Lease liabilities		
Repayable by installments	3,489	4,009
Total amounts due after more than five years	3,489	4,009

Lease liabilities repayable after five years represent rent obligations through to 2031 on the right-of-use assets recognised in accordance with IFRS16.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

22. Deferred taxation

	2021 £000	2020 £000
At beginning of year	(31)	(115)
(Charged)/credited to profit or loss	(95)	84
At end of year	(126)	(31)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(312)	(178)
Tax losses carried forward	186	147
	(126)	(31)

23. Leases liabilities

Company as a lessee

The Company leases both its factory and its offices. These leases are due to run until 2031 and are being recognised as right-of-use assets, with a corresponding lease liability.

Lease liabilities are due as follows:

	2021 £000	2020 £000
Not later than one year	183	371
Between one year and five years	1,822	1,419
Later than five years	3,489	4,009
	5,494	5,799

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the statement of comprehensive income:

	2021 £000	2020 £000
Interest expense on lease liabilities	330	258
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	20
	-	20

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

24. Provisions

	Warranty provisions £000	Provisions for other remedial work £000	Dilapidation provision £000	Total £000
At 1 January 2021	758	1,393	1,491	3,642
Charged to profit or loss	413	764	137	1,314
Utilised in the year	(240)	-	(16)	(256)
At 31 December 2021	931	2,157	1,612	4,700

Further details on the provisions is provided in note 3.

25. Share capital

	2021 £000	2020 £000
Shares classified as equity		
Allotted, called up and fully paid		
1,000,000 (2020 - 1,000,000) Ordinary shares of £1.00 each	1,000	1,000

26. Reserves

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

27. Contingent liabilities

There is a composite group unlimited multilateral guarantee dated 31 March 2006 given by Baker Perkins Holdings Limited, Baker Perkins Limited and Baker Perkins Inc.

The Company has provided bank guarantees to customers amounting to £82,500 (9 months ended 31 December 2020 - £691,000).

Additionally, the Company is also party to three guarantees through the Group. These amount to €57,000 and £479,000.

Baker Perkins Limited

Notes to the financial statements For the year ended 31 December 2021

28. Capital commitments

At 31 December 2021 the Company had capital commitments as follows:

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	232	10

29. Pension commitments

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 £1,548,000 (9 months ended 31 December 2020 - £1,375,000). Contributions totalling £148,000 (9 months ended 31 December 2020 - £4,000) were payable to the fund at the statement of financial position date.

30. Related party transactions

The entity has taken the available exemption conferred by IAS 24 Related Party Disclosures not to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Key management personnel include directors of the parent entity Baker Perkins Holdings Limited. These directors have the authority and responsibility for planning, directing and control of the activities of Baker Perkins Limited and Baker Perkins Holdings Limited. Total remuneration paid to key management personnel for the services provided to Baker Perkins Limited and Baker Perkins Holdings Limited was £339,000 (9 months ended 31 December 2020 - £222,000).

31. Controlling party

The Company is controlled by Baker Perkins Holdings Limited and until 16 November 2020, the ultimate controlling party was John E Cowx, director.

From this date and at the statement of financial position date the directors regard Platin 1425 GmbH, a company incorporated in Germany, as the ultimate parent company and controlling party.

The smallest group in which these financial statements are consolidated are those of Schenck Process Holdings GmbH.

The largest group in which the results of the Company are consolidated is that headed by Platin 1426 GmbH, a company incorporated in Germany. Copies of the parent companies' consolidated financial statements may be obtained from Platin 1426 GmbH, Pallaswiesenstraße 100, 64293 Darmstadt, Germany.

Baker Perkins Limited is therefore exempt from preparing consolidated financial statements under section 401 of the Companies Act 2006.