

Company Registration No. 00430208 (England and Wales)

BRITISH BAKELS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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BRITISH BAKELS LIMITED

COMPANY INFORMATION

Directors	Mr K Houlston Mr D Kinney Mr P L T Morrow Mr P A Gloggnier
Company number	00430208
Registered office	Granville Way Off Launton Road Bicester OX26 4JT
Auditor	Shaw Gibbs (Audit) Limited 264 Banbury Road Oxford OX2 7DY

BRITISH BAKELS LIMITED

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BRITISH BAKELS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present the strategic report for the year ended 31 December 2021.

Business review

The profit for the financial year after taxation was £1,172k (2020 - £2,623k). The Directors do not recommend payment of an ordinary dividend (2020 - £Nil).

The Directors believe the business has delivered a good return on the turnover achieved, as well as delivering a good overall performance and development of the business during 2021, in spite of the current business climate, with the continued impact of COVID-19. Sales have increased 4.9% (2020 - 15.0% decrease) reflecting recovery from the impact of lockdowns and COVID related enforced absence in 2020 during the COVID-19 pandemic. The gross profit percentage has increased 1.0% to 23.9% (2020 - decrease of 2.2% to 22.3%) which is as a result of effective raw material purchasing and tight controls on expenditure during 2021. The Company invested capital of £1,086k (2020 - £110k) toward improving the productive capability of the business to facilitate operational improvements and develop new market opportunities, as well as computer equipment to ensure the infrastructure is as effective and secure as possible.

Due to the continued impact of COVID-19, the lockdown situations and isolation requirements, the Company has had to react to the operational and financial impacts. Management and the Directors have taken action to mitigate the financial impact and continue to work on maintaining a profitable position, utilising all available internal and external resources, including, but not limited to, Government Job Retention Scheme, operational efficiencies, challenging all overhead expenditure and purchasing operations.

Principal risks and uncertainties

The principal risks facing the Company can be broadly grouped as competitive, operational, legislative and financial. Given the ongoing COVID-19 pandemic the Directors are continually reviewing the risk environment and have reflected their current considerations in the summary below:

Competitive risks

The Company operates in a competitive marketplace and accordingly the actions of competitors can influence this market. The Company faces competition from other ingredients companies in the same marketplace, and to some extent from competitors in mainland Europe. The Company's results may be affected, for example, by increases in energy costs or key raw materials. The Directors regularly review performance against Company plans and market intelligence to enable them to adapt to such competition. During the COVID-19 pandemic we continue to work extremely closely with our customer base, as they evolve their businesses to appropriately service the needs of their customers.

Operational risks

As the COVID-19 pandemic has progressed through 2021, our employees have continued to utilise working from home where appropriate. Although with the availability of vaccines, we have begun to see more people based back in the office locations.

Enhancements to our already stringent hygiene rules have remained in place to protect the onsite staff, specifically the production operatives, in conjunction with continued social distancing rules.

Processes to accommodate external personnel visiting our site, i.e. raw material deliveries, have also been implemented. We revisit these regularly to maintain operational capacity in the changing environment.

BRITISH BAKELS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal Risks and Uncertainties (continued)

Legislative risks

Failure to comply with applicable new or changed laws, regulations or governance standards or new or changed regulatory interpretation thereof may harm the business or the Company's reputation.

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure cause and may continue to cause uncertainty for companies affected by them unless they are or become sufficiently certain. Continuing uncertainty regarding compliance matters and higher costs of compliance could result from ongoing revisions to such laws, regulations and governance standards. Senior management are therefore involved in industry groups and pressure groups to ensure that they are aware of any potential impacts on the Company's business.

BREXIT continues to be a topic of discussion, especially around goods in / out of Northern Ireland. We continue to utilise the global Bakels Group to help identify potential future non-EU suppliers, which will provide dual supply coverage for any critical raw materials. We do not consider the operational or financial risk to be significant given our structure and planning considerations in action.

Financial Risks

The Company's main financial instruments comprise cash and various items such as trade debtors and creditors and a loan from the parent company. The main purpose of these instruments is to support working capital for the Company's operations.

Whilst the impact of COVID-19 on demand has reduced and revenue levels have increased, the potential for post pandemic credit risks are being monitored closely and the Company is working closely with the wider global Bakels Group. The financial risk management policies have remained unchanged from the previous year, although there is an increased emphasis on credit risk as the level of business failure is expected to increase in the UK economy.

Financial risk management objectives and policies

Credit risk

The Company seeks to minimise any credit risk by dealing only with established or financially sound clients. It also establishes clear contractual relationships and identifies any credit issues in a timely manner. The Directors are increasing their scrutiny of the financial situation of key customers to ensure that this risk is adequately managed to protect the Company. The Company also seeks to limit the credit risk linked to any single customer, by ensuring they have a broad customer base in all sectors.

Liquidity risk

The Company seeks to manage and minimise financial risk by ensuring that sufficient liquidity is available at all times to meet foreseeable needs and by investing cash assets safely and profitably. With the increasing difficulty of obtaining funding through conventional credit lines, the ability of the Company to fund its own operations is a key strength in the market that currently exists, and a substantial factor in the strategy of the Directors. These risks are closely managed on a daily basis by the Company's finance team.

Exchange risk

The Company uses forward foreign exchange contracts to reduce exposure to the variability of foreign exchange rates by selling Sterling to buy Euros at a fixed forward rate.

Interest rate risk

The interest rates on the loans from the parent company undertaking are fixed, thereby giving certainty over the interest payable on the Company's borrowings.

BRITISH BAKELS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Development and performance

Resources and relationships

Our policy is to strive to enhance shareholder value, whilst balancing this with the interest of all other stakeholders in the Company - our employees, customers, consumers, suppliers and all of the communities in which we operate. We do recognise that we have a responsibility to manage the environmental impact of our operations and believe that we should operate in an ethical and socially responsible manner. By doing this, we are confident that we will be enhancing the interests of all of our stakeholders.

Food safety and healthy eating

We are absolutely committed to ensuring the highest standards apply throughout our organisation to ensure that everything we produce is safe and of a consistently high quality.

We continue to invest in technical resources and our technical audit processes are of the highest standards. We carry out regular, formal technical reviews to ensure that all appropriate procedures and regulations are being complied with and also work closely with our customers' technical teams. We have a very effective central purchasing team who work closely with our technical teams to ensure the safety and quality of all of the ingredients that we use throughout the food chain.

We develop our products in such a way that they provide our customers and the consumers with the taste and quality that they demand, but we are also conscious of the increasing focus on healthy eating.

Customers

The Company's relationship with its customers is valued above anything else. The Company wants to continue to provide our customers with good quality products at competitive prices and support these key attributes by high levels of customer service. Our corporate core values that we have consistently built on over the years also underpin much of our thinking and the way that we operate.

Our New Product Development teams are working closely with our customers to ensure that consumers are able to buy products that have lower fat, sugar and salt contents.

Suppliers

We are absolutely committed to operating to the highest standards of integrity and business ethics. We expect all of our people to abide by our code of ethics as they apply to issues such as bullying and harassment, and the use of Company assets. Through our purchasing team we seek to ensure that similar standards are maintained by our suppliers, particularly in relation to the employment practices that they apply.

The Company utilises dual supply contracts where possible for core raw materials, as well as maximising the buying power of the global Bakels Group, to ensure the integrity of the supply chain.

BRITISH BAKELS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

	2021	2020
Operating margin	2.8%	3.9%
Gross profit percentage	23.9%	22.3%
Turnover per employee	£233k	£209k

Profitability/Operating Margin

The management of gross margin and overhead expenditure are key to effective performance. These are regularly monitored by management including an analysis of labour cost ratios, variable costs of raw materials, direct labour and packaging, along with overhead costs such as production, distribution and storage, sales, administration, salaries and depreciation.

The Company also measures a number of non-financial key performance indicators which are summarised below:

Customer level services

Service levels of inbound product deliveries to customer regional distribution centres are monitored and reported on a daily basis and acted upon.

New Product Development ("NPD" tracking)

NPD is the lifeblood of the business - our continuing success depends on achieving the launch of new products on time and the delivery of solid sales growth. An NPD tracking document is reviewed monthly by managers of all significant customers and measured against agreed customer expectations and additional action taken if remedy is required.

Waste management

The management of maximising finished product yields is important to the Company. We endeavour to minimise waste of any kind and therefore measure waste daily across all our production facilities and highlight actions required to minimise its impact wherever possible.

Staff turnover

Minimising the potential impact of high levels of staff turnover is a business priority as the cost of not doing so could be onerous and disruptive. Therefore, staff turnover is measured regularly by operations management who adopt a keen approach to ensuring that staff are motivated and remain with the business.

Capacity utilisation

Capacity utilisation and planning forms an integral part of the Company's planning regime. This takes into account an element of contingency planning and the desire to operate the Company's plant and equipment as efficiently as possible. To assist in achieving this objective, sales forecasts are used to drive forward looking manufacturing requirements and manpower planning.

Given the external environment the Directors are pleased with the performance of the business during the year with respect to each of the financial and non-financial key performance indicators. As described above, the business is adapting to the new operating environment given the COVID-19 pandemic and is re-assessing its KPIs to be appropriate going forward.

BRITISH BAKELS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Promoting the success of the company

The Board of British Bakels Limited consider that they have adhered to the requirements of section 172 of the Companies Act 2016 and have, in good faith, acted in a way they consider would be most likely to promote the success of the company for the benefit of its shareholder, and in doing so have had regards to and recognised the importance of considering all stakeholders and other matters in its decision-making.

The long- term success of British Bakels depends on the engagement with and support of its key stakeholders, including its shareholder.

This is reflected within our mission statement, which is *"To be a technically based company, whose objective is to assist our customers develop, produce and sell (more) bakery products. We will do this by presenting concepts and ingredients which the baker can use to increase their sales and improve quality and efficiency. We will back this up with technical support and training."*

This sits alongside our vision, *"To operate as a dynamic and successful organisation, while providing best-in-class services to become customers' first choice for bakery ingredients."*

In line with our Group strategy, British Bakels always plans to the long-term and never the short. This is demonstrated in our new warehouse facility which future proofs the operational capability of the business for the coming 10-15 years.

Our People

We treat each other as more than just colleagues, a strong family culture drives us to work closely to get the most out of every day. Respect for not only each other, but for Bakels' long history and heritage runs through the veins of everyone in the group. Trust in each other forms a crucial role in achieving integrity across all Bakels companies, inspiring a clear collective vision in all the markets we operate. There is a full programme of communication including a staff intranet, site-based screens with updated business information and regular updates from the MD/Chairman. We constantly look at development for our staff, with the aim to strengthen our abilities as employees and people. We also provide ongoing health screening, and access to help lines covering everything from mental health issues to financial difficulties.

Our commitment to the baking industry stems from our dedication to the roles we play within the organisation. The collective philosophy of each member of staff is what gives Bakels its' family culture. Whilst customers are the heart of the business, the employees are the soul!

Customers

We pride ourselves on the level of technical service that we provide to our customers, we ensure our Technical Sales team are on-hand to help regardless of market sector. We lead innovative development with our customers, to ensure they are in alignment with current trends across their markets. This in turn provides a wider understanding of their needs, and better allows us to support them over the longer term. We can also call on specific expertise from across the wider Bakels group, should it be required.

Suppliers

We believe in building long-term relationships with key suppliers, to ensure a collaborative approach to uninterrupted supply of ingredients. Alongside this we strive to agree mutually favourable payment terms which can ensure that the suppliers are promptly compensated for their goods supplied. This collaborative approach and the excellent reputation we have with our suppliers ensures that our supply chain flows smoothly, even when 'bumps in the road' are encountered, ie. COVID-19.

BRITISH BAKELS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Regulators/Government

We work alongside all the regulatory and Government bodies to ensure that we maintain the highest standards within our facility, which in turn ensures that our product is of the highest quality.

Community/Environment

We are very conscious of our impact on the environment and are constantly reviewing our performance, this extends from energy efficient lighting to food waste. We are currently moving our vehicle fleet over to hybrid vehicles, as well as exploring renewable energy options across our sites. We strive to assist our customers with food waste, whether this be by aligning packaging formats to their production requirements or developing recipes to utilise potential waste foods (ie. Banana bread mix to utilise end of shelf-life bananas). We are involved with local business groups, as well as maintaining ties with local schools/colleges. We support local charities, and sponsor awards within the baking industry to help highlight the exceptional quality of people within the industry.

On behalf of the board



Mr P L T Morrow

Director

Date: 11-3-2022

BRITISH BAKELS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the manufacturing and supply of food ingredients, primarily to the bakery sector. The customer base consists of industrial bread and confectionary bakeries, wholesalers, artisan bakeries, supermarkets and food service companies.

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr K Houlston
Mr D Kinney
Mr P L T Morrow
Mr P A Gloggnier

Qualifying third party indemnity provisions

The Company maintains Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. The Company has put in place qualifying third party indemnity provisions for all of the Directors of the Company.

Research and development

The Company continues to invest in research and development. This has resulted in new products being introduced to the market this year. Costs in respect of research and development have been written off to the statement of comprehensive income as incurred.

Auditor

Shaw Gibbs (Audit) Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

The company has consumed more than 40,000 kWh of energy in this reporting period and therefore the emissions, energy consumption and energy efficient activities are reported below.

	2021 kWh	2020 kWh
Energy consumption		
Aggregate of energy consumption in the year	8,447,939	7,521,249

BRITISH BAKELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	metric tonnes	metric tonnes
Emissions of CO2 equivalent		
Scope 1 - direct emissions		
- Gas combustion	906.00	794.00
- Fuel consumed for owned transport	104.00	126.00
	<u>1,010.00</u>	<u>920.00</u>
Scope 2 - indirect emissions		
- Electricity purchased	741.00	675.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	-	-
	<u>-</u>	<u>-</u>
Total gross emissions	<u>1,751.00</u>	<u>1,595.00</u>
Intensity ratio		
Tonnes CO2e per tonne of production	.01	.01

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per metric tonne of production, the recommended ratio for the sector.

Measures taken to improve energy efficiency

The company have fully embraced video conferencing technology for both internal and external meetings, to help reduce the volume of travel required linked to the business. All manufacturing equipment is maintained to ensure optimum efficiency during use, and new technologies are investigated to determine potential application within the business. All end-of-life equipment is replaced with new energy efficient equipment as appropriate.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr P L T Morrow
Director

Date: 11-3-2022

BRITISH BAKELS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

BRITISH BAKELS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRITISH BAKELS LIMITED

Opinion

We have audited the financial statements of British Bakels Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its 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.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 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.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

BRITISH BAKELS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BRITISH BAKELS LIMITED

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 and the directors' report.

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 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.

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.

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.

BRITISH BAKELS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BRITISH BAKELS LIMITED

1. At the planning stage of the audit we gain an understanding of the laws and regulations which apply to the company and how the management seek to comply with those laws regulations. This helps us to plan appropriate risk assessments.
2. During the audit we focussed on relevant risk areas and review the compliance with the laws and regulations by making relevant enquiries and undertaking corroboration, for example by reviewing Board Minutes and other documentation.
3. We assessed the risk of material misstatement in the financial statements including as a result of fraud and undertook procedures including:
 - a. Reviewing the controls set in place by management
 - b. Making enquiries of management as to whether they consider fraud or other irregularity may have taken place, or where such opportunity might exist
 - c. Challenging management assumptions with regard to accounting estimates
 - d. Identifying and testing journal entries, particularly those which appear to be unusual by size or nature

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.



Stephen Howard Neal (Senior Statutory Auditor)
For and on behalf of Shaw Gibbs (Audit) Limited

Date: 11 March 2022

Chartered Certified Accountants
Statutory Auditor

264 Banbury Road
Oxford
OX2 7DY

BRITISH BAKELS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	47,711,067	45,501,666
Cost of sales		(36,310,668)	(35,344,432)
Gross profit		11,400,399	10,157,234
Distribution costs		(3,167,799)	(2,652,031)
Administrative expenses		(7,296,680)	(6,777,684)
Other operating income		419,784	1,060,102
Operating profit	4	1,355,704	1,787,621
Other interest receivable and similar income	8	1,312	-
Interest payable to group undertakings	9	(184,560)	(207,084)
Other interest payable and similar expenses	9	(105,087)	(141,745)
Fair value gains and losses on investment properties	12	-	1,254,216
Profit before taxation		1,067,369	2,693,008
Tax on profit	10	104,313	(69,832)
Profit for the financial year		1,171,682	2,623,176

The profit and loss account has been prepared on the basis that all operations are continuing operations.

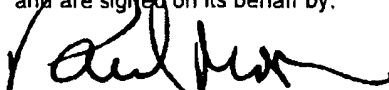
BRITISH BAKELS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11	12,662,294		12,766,824	
Investment properties	12	5,500,000		5,500,000	
		<u>18,162,294</u>		<u>18,266,824</u>	
Current assets					
Stocks	13	6,990,121		5,450,582	
Debtors	14	8,596,835		6,443,856	
Cash at bank and in hand		3,778,369		5,553,512	
		<u>19,365,325</u>		<u>17,447,950</u>	
Creditors: amounts falling due within one year	15	<u>(9,193,259)</u>		<u>(8,447,783)</u>	
Net current assets		<u>10,172,066</u>		<u>9,000,167</u>	
Total assets less current liabilities		<u>28,334,360</u>		<u>27,266,991</u>	
Creditors: amounts falling due after more than one year	16	(5,500,000)		(5,500,000)	
Provisions for liabilities					
Deferred tax liability	17	<u>246,407</u>		<u>350,720</u>	
		<u>(246,407)</u>		<u>(350,720)</u>	
Net assets		<u>22,587,953</u>		<u>21,416,271</u>	
Capital and reserves					
Called up share capital	18	1,500,000		1,500,000	
Capital redemption reserve	20	6,723		6,723	
Profit and loss reserves	21	21,081,230		19,909,548	
Total equity		<u>22,587,953</u>		<u>21,416,271</u>	

The financial statements were approved by the board of directors and authorised for issue on 11-3-2022 and are signed on its behalf by:



Mr P L T Morrow
Director

Company Registration No. 00430208

BRITISH BAKELS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020	1,500,000	6,723	17,286,372	18,793,095
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	2,623,176	2,623,176
Balance at 31 December 2020	1,500,000	6,723	19,909,548	21,416,271
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	1,171,682	1,171,682
Balance at 31 December 2021	1,500,000	6,723	21,081,230	22,587,953

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

British Bakels Limited is a private company limited by shares incorporated in England and Wales. The registered office is Granville Way, Off Launton Road, Bicester, OX26 4JT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of EMU AG. These consolidated financial statements are available from its registered office, EMU AG, Buzibachstrasse 19, Rothenburg, Luzern, 6023, Switzerland.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources, despite ongoing economic uncertainties regarding Covid-19 to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Research and development expenditure

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets may be recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight line basis over their expected useful lives, which range from 3 to 6 years.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	5-50 years straight line
Plant and machinery	3 - 20 years straight line
Fixtures and fittings	5 years straight line
Computer equipment	3 - 5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is based on the cost of purchase on a first in, first out basis. Standard costing is used to value stock.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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 profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Government grants received include income received through the Coronavirus Job Retention Scheme.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Tangible Fixed assets (see note 11)

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.

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock costing methodology and impairment

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and estimated selling price less costs to complete and sell. In calculating the costs incurred management apply a standard costing methodology to incorporate a labour and overhead element within finished goods, representing their best estimate of costs incurred in bringing the stock to its current location and condition.

In calculating net realisable value stocks are assessed for impairment. If stock is deemed to be slow moving based on stock reports an estimate is made of the value of the impairment and the carrying amount is reduced to selling price less costs to complete and sell.

Trade debtors impairment loss

Trade debtors are reviewed for impairment on an annual basis and a provision is made for any balances where there is uncertainty against the recoverability of the balance, typically based on current knowledge of trading difficulties of customers. This methodology is applied on a customer by customer basis.

Fair value of investment property

Investment property is held at fair value at the reporting date. Where appropriate, professional valuations are carried out and any adjustment to the fair value is recorded in the profit and loss.

Rebates

Rebates are payments back to customers of a portion of the full purchase price of the goods offered to them. The payment is typically triggered by the cumulative amount of purchases made within a certain period of time. Different customers have different terms and conditions, such as rates, volume etc. used in the rebates calculations which have been agreed via signed contracts.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	44,648,631	41,689,903
Rest of Europe	2,734,527	3,434,531
Rest of the World (outside of Europe)	327,909	377,232
	<u>47,711,067</u>	<u>45,501,666</u>
	2021 £	2020 £
Other significant revenue		
Interest income	1,312	-
Grants received	119,784	800,380
Rental income arising from investment properties	<u>300,000</u>	<u>259,722</u>

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(920,311)	(250,731)
Research and development costs	1,779,189	1,051,872
Government grants	(119,784)	(800,380)
Depreciation of owned tangible fixed assets	1,190,779	1,320,709
(Profit)/loss on disposal of tangible fixed assets	-	42,018
Impairment of stocks recognised or reversed	(33,254)	(103,069)

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	25,000	25,000
For other services		
Taxation compliance services	4,000	4,000
All other non-audit services	4,000	4,000
	8,000	8,000

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Production	120	126
Distribution	33	41
Sales	29	33
Administrative	23	18
Total	205	218

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	7,430,424	7,466,645
Social security costs	810,988	762,954
Pension costs	671,344	629,188
	<u>8,912,756</u>	<u>8,858,787</u>

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	265,219	396,000
Company pension contributions to defined contribution schemes	-	8,000
	<u>265,219</u>	<u>404,000</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2020 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	<u>265,219</u>	<u>257,299</u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>1,312</u>	<u>-</u>
Disclosed on the profit and loss account as follows:		
Other interest receivable and similar income	<u>1,312</u>	<u>-</u>

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest payable to group undertakings	184,560	207,084
Other interest on financial liabilities	105,087	141,745
	<u>289,647</u>	<u>348,829</u>
Disclosed on the profit and loss account as follows:		
Interest payable to group undertakings	184,560	207,084
Other interest payable and similar expenses	105,087	141,745
	<u>289,647</u>	<u>348,829</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	-	346,491
Adjustments in respect of prior periods	-	(148,522)
Total current tax	<u>-</u>	<u>197,969</u>
Deferred tax		
Origination and reversal of timing differences	(104,313)	(128,137)
Total tax (credit)/charge	<u>(104,313)</u>	<u>69,832</u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	<u>1,067,369</u>	<u>2,693,008</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	202,800	511,672
Tax effect of expenses that are not deductible in determining taxable profit	(7,993)	14,094
Tax effect of income not taxable in determining taxable profit	-	(238,301)
Adjustments in respect of prior years	-	(113,479)
Permanent capital allowances in excess of depreciation	(82,006)	-
Research and development tax credit	(112,801)	23,983
Deferred tax movement	(104,313)	(128,137)
Taxation (credit)/charge for the year	<u>(104,313)</u>	<u>69,832</u>

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2021	17,505,302	12,734,294	1,016,753	1,815,536	33,071,885
Additions	-	889,961	35,714	160,574	1,086,249
At 31 December 2021	17,505,302	13,624,255	1,052,467	1,976,110	34,158,134
Depreciation and impairment					
At 1 January 2021	7,580,989	10,432,410	637,828	1,653,834	20,305,061
Depreciation charged in the year	476,583	484,786	129,570	99,840	1,190,779
At 31 December 2021	8,057,572	10,917,196	767,398	1,753,674	21,495,840
Carrying amount					
At 31 December 2021	9,447,730	2,707,059	285,069	222,436	12,662,294
At 31 December 2020	9,924,313	2,301,884	378,925	161,702	12,766,824

12 Investment property

	2021 £
Fair value	
At 1 January 2021 and 31 December 2021	5,500,000

Investment property comprises property owned by the company rented to third parties. The fair value of the investment property has been arrived at on the basis of a valuation carried out March 2021 by Brown & Co - Property and Business Consultants LLP, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The value of the investment property has been reviewed by the directors and key management personnel and it has not been considered necessary to perform a further revaluation in the year ended 31 December 2021.

13 Stocks

	2021 £	2020 £
Raw materials and consumables	3,858,537	3,347,097
Finished goods and goods for resale	3,131,584	2,103,485
	6,990,121	5,450,582

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	6,638,116	5,589,169
Corporation tax recoverable	140,978	-
Amounts owed by group undertakings	349,686	333,729
Other debtors	475,174	321,756
Prepayments and accrued income	992,881	199,202
	<u>8,596,835</u>	<u>6,443,856</u>

15 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	4,828,501	3,632,086
Amounts owed to group undertakings	1,524,387	2,574,987
Corporation tax	-	389,634
Other taxation and social security	323,790	267,154
Other creditors	102,610	95,362
Accruals and deferred income	2,413,971	1,488,560
	<u>9,193,259</u>	<u>8,447,783</u>

The loan from related party is unsecured, interest is charged at 2.5% per annum and the balance is repayable with a six month notice period for both parties.

16 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Amounts owed to group undertakings	<u>5,500,000</u>	<u>5,500,000</u>

The loan from related party is unsecured, interest is charged at 2.5% per annum and the balance is repayable with a twelve month notice period for both parties.

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	271,437	142,247
Tax losses	(25,030)	(29,828)
Revaluations	-	238,301
	<u>246,407</u>	<u>350,720</u>
		2021 £
Movements in the year:		
Liability at 1 January 2021		350,720
Credit to profit or loss		(104,313)
Liability at 31 December 2021		<u>246,407</u>

18 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary A of £1 each	1,499,000	1,499,000	1,499,000	1,499,000
Ordinary B of £1 each	1,000	1,000	1,000	1,000
	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>

The Ordinary A shares have full voting rights and the Ordinary B shares have no voting rights.

19 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>671,344</u>	<u>629,188</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £94,926 (2020: £87,331) were payable to the fund at the reporting date and are included in other creditors.

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

21 Profit and loss reserves

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments including a fair value adjustment on investment property.

22 Operating lease commitments

Lessee	2021 £	2020 £
Within one year	344,005	334,583
Between two and five years	408,192	403,483
	<u>752,197</u>	<u>738,066</u>

Lessor

The operating leases represent leases to third parties. The leases are negotiated over terms of 9 years and rentals are fixed for 3 years. All leases include a provision for three-yearly upward rent reviews according to prevailing market conditions. There are no options in place for either party to extend the lease terms.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	300,000	300,000
Between two and five years	25,000	325,000
	<u>325,000</u>	<u>625,000</u>

23 Ultimate controlling party

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is EMU AG, a company incorporated in Switzerland. The financial statements of the company are consolidated in the financial statements of EMU AG. These consolidated financial statements are available from its registered office, EMU AG, Buzibachstrasse 19, Rothenburg, Luzern, 6023, Switzerland.

In the directors' opinion, the company ultimate parent undertaking and controlling party is EMU AG.

BRITISH BAKELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Related party transactions

The company has taken advantage of the exemption provided under Section 33 of FRS 102 'Related Party Disclosures' not to disclose transactions and outstanding balances with related parties where a subsidiary undertaking is a wholly owned member of the group.