

Bühler UK Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2019

Bühler UK Limited

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Bühler UK Limited

Company Information

Directors	MI Kelly C Schlatter Broger N J Wilkins C A Gunawardena N Whittingham M Picalek D A Kinsella N Hay C Cabello PM Silverman C Gossweiler
Registered office	20 Atlantis Avenue London E16 2BF
Solicitors	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Accountants	Bourner Bullock Chartered Accountants Sovereign House 212-224 Shaftesbury Avenue London WC2H 8HQ
Independent Auditors	PricewaterhouseCoopers LLP The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX

Bühler UK Limited

Strategic Report for the Year Ended 31 December 2019

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

Principal activity

The principal activity of the company is the design, manufacture and global distribution of cleaning and sorting machinery as well as the supply of machinery and complete plants for the flour and feed milling, cereal processing, chocolate, printing ink, die casting, mechanical and pneumatic conveying industries and the supply of related services in the UK.

Fair review of the business and future developments

Everyday billions of people come into contact with Bühler technologies to cover their basic needs for food and mobility. With our industrial process technologies and solutions, we contribute significantly to feeding the world's population, setting the focus on food security and safety.

A highlight in 2019 was the Queens award. This is the seventh Queen's Award Bühler UK has won since 1968. This year's win is in recognition of Bühler's development of a unique camera technology used in sorting machines, capable of recognizing the subtlest of colour and shading contrasts in materials and foods, thereby significantly increasing detection rates for foreign materials, potential choke hazards, or contaminated foods.

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Gross Profit Margin	%	24.91	29.42
R&D Investment Measured on Turnover	%	3.47	3.17
Working Capital Ratio		1.86	2.30

The profit margins has decreased to 25% (2018: 29%). The main reason for the decrease was the decline in Turnover from overseas markets. Whereas Turnover in UK was growing Bühler UK Ltd lost market share outside the UK, above all in the Rice segment in India and China. This shift has negatively impacted margins overall. A direct impact from BREXIT on turnover has not been seen yet.

The R&D Investment was stable at 3% (2018: 3%).

The working capital remains strong at a ratio of 2 (2018: 2) and investments in new products and segments are on-going.

In 2019 we had to write off the receivables of a customer project which has been stopped due to customer reasons. We were investigating in solutions to have a better outcome for Buhler UK Ltd for several years but had to come to the conclusion at the end of 2019 that the best way forward is to stop the project and write off the receivable and the hedge loss.

Bühler UK Limited

Strategic Report for the Year Ended 31 December 2019

Recruitment and development

The Company gives full consideration to applications for employment from disabled persons and aims to ensure as far as practicable that no job applicant receives less favourable treatment because of any of the relevant protected characteristics. No vacancy will be advertised or publicised (internally or externally) in a way which is designed to discourage viable applications with any particular protected characteristic. All applications will be considered on merit and the needs of the business. Applicants will be assessed so far as reasonably practicable against a set of objective, non-discriminatory criteria which will be directly related to the demands of the particular vacancy.

Promotion and training decisions will be made on the basis of merit including skill, aptitude, availability, experience and general overall suitability for the job. We will not unlawfully discriminate against any employee in making promotion or training decisions. We believe all employees should have an equal opportunity to progress and develop. The Company will try to ensure that promotion opportunities are brought to the attention of all employees/as wide a group of employees as possible.

The Company recognises that training is an important factor in the encouragement of equal opportunities at work. It will take steps for its employees to increase awareness, knowledge, and skills for implementation of this policy. Training needs will also be identified through regular reviews/training needs analysis/appraisal discussions.

Energy and waste reduction

Bühler has long been committed to sustainability, and is making progress toward its goal of cutting energy use, water consumption, and waste by 30% by the year 2020.

In collaboration with its customers, Bühler has bold goals. “We are committed to making the maximum contribution to achieving our global goals of reducing energy, water, and waste in our customers’ value chains by 50% by 2025.

Bühler UK Limited

Strategic Report for the Year Ended 31 December 2019

Principal risks and uncertainties

BREXIT

The recent development of BREXIT has given some clarity, however, the impact is still yet to be understood and as such some uncertainty still exists. We formed a BREXIT taskforce within Bühler UK which is investigating the impacts in different areas and has implemented a plan to mitigate the risk. The task force is also in close contact with the BREXIT taskforce at the headquarter.

We have carried out a risk assessment of our third-party suppliers outside the Bühler Group. We have a range of different suppliers from the UK but also from the rest of the world. Our due diligence of the suppliers has not given us any indication that the supply chain would not be stable enough. Also we have increased our stock holding of critical parts.

From the customer side our portfolio is very diverse and not dependant on one market. Bühler as a global organisation has vast experience of trading successfully in and outside the EU. This experience, and the global reach of the Bühler Group, means we have significant experience of the demands international trade places on business.

COVID 19

The COVID 19 crisis will also impact the business of Bühler UK Ltd. While we could benefit from our totalyl flexible office work environment we are facing challenges in the factory. Q1 2020 compared to 2019 is 4% lower in terms of turnover. However order intake has so far not been impacted since the food industry is still essential to the world. In particular we see a strong demand in the segment of frozen Fruit & Vegetable and Grains & Pulses.

In February 2020 we were facing some challenges on the supply side from parts imported from China. However, the supply from China has picked up again in March and is now on the same level as before.

Bühler UK Ltd is also considering taking advantage of the COVID job retention scheme (CJRS or furlough). As there are still uncertainties in regards to the CJRS from the government side we don't know the exact impact yet.

Despite the current uncertainty, based on the projected forecasts the directors believe they have sufficient resources to continue as a going concern.

Bühler UK Limited

Strategic Report for the Year Ended 31 December 2019

UK Corporate Governance Code and s172 Reporting

The board of directors of Bühler UK Ltd. consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2019.

1. 2025 Strategy: We are in the progress to finalise the 2025 strategy which focus on long-term beneficial impact on the company and to implement sustainable solutions for our customers. By 2025 we aim to establish a digital ecosystem to help our customers in improving their value chain, connecting machines to the cloud to generate an audit tracking of the entire food supply chain to improve quality and traceability.

2. Our employees are fundamental to the delivery of our 2025 strategy. Bühler offers education opportunities and employee development programs. All employees, including the directors, shall undergo a formalized annual performance appraisal process (Employee Performance Management, EPM). The Individual Performance Goals are defined and agreed upon jointly with each employee at the start of the fiscal year. The financial success of the organization, which is measured on the basis of EBIT, also impacts performance-related remuneration.

3. Community and Environment: We are always considering the impact of the company's operations on the community and environment and our wider societal responsibilities. We are working closely with communities in our area and support them.

The 2025 strategy also includes the target to reduce energy, waste, and water consumption in our customers' value chains by 50% by 2025 and we are focusing our R&D activities, our ecosystem activities, and our energy on achieving these targets.

4. Customer: Working with our customers together to develop customised solutions is key for Bühler. In 2019 we built a new innovation centre at Bühler UK Ltd to create a space for innovation. Frequent customer workshops are held in the innovation centre and in the attached application centre we carried out over 60 customer tests on the latest sorter technology. Furthermore, in 2019 Bühler AG held Networking days in the innovation centre Switzerland and hosted 800 guests of which strategic customers of Bühler UK Ltd attended. Also, products manufactured at Bühler UK Ltd have been displayed in the innovation centre, such as the new Lumo Vision.

5. Supplier: As a globally operating enterprise, Bühler is notably committed to sustainability. Our vision is "Innovations for a better world," and with our business, we contribute to worldwide nutrition and climate-friendly mobility. Ethical, social and environmental responsibility is an integral part of our long-term business strategy. Bühler expects all suppliers and sub-tier suppliers to abide by all applicable national and international laws and regulations as well as by the requirements of this Supplier Code of Conduct. The requirements of this Code have been defined based on the principles of international standards, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the Core Conventions of the International Labor Organization (ILO) and Principles of the UN Global Compact.

Approved by the Board on 27 April 2020 and signed on its behalf by:

.....
PM Silverman
Director

.....
C Gossweiler
Director

Bühler UK Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors of the Company

The directors who held office either during the year and/ or up to the date of signing the financial statements were as follows:

MI Kelly (Resigned 30 April 2020)

N J Wilkins

C A Gunawardena

N Whittingham

M Picalek

D A Kinsella

N Hay

C Cabello

PM Silverman

C Gossweiler

C Schlatter Broger (appointed 1 April 2020)

Dividends

The directors made dividend payments during the financial year ended 31 December 2019 of £9m (2018: £6m).

The directors propose a dividend payment for the financial year ended 31 December 2019 of £Nil (2018: £9m).

Financial Risk Management

Objectives and policies

The directors monitor the financial risks to the company on an ongoing basis. The devaluation of Sterling increased foreign purchase prices but also made our products more attractive in external markets. The directors did not feel that it was appropriate to mitigate these risks by purchasing any financial instruments.

Price risk, credit risk, liquidity risk and cash flow risk

Credit Risk

The Company's credit risk is primarily attributable to balances owed by other Group undertakings and trade receivables. A substantial part of the trade receivables are generally supported by bank confirmed letters of credit, and as such are not believed to be at risk of default.

Price risk

The Company is exposed to price risks as a result of its operations with sales to customers and purchases from suppliers. To manage this risk, the Company enters into a certain number of fixed agreement sales contracts and purchase contracts. The directors review these contracts on a regular basis to ensure the Company is not exposed to excessive price risk. The Company has no exposure to commodity price risk or securities price risk.

Bühler UK Limited

Directors' Report for the Year Ended 31 December 2019

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses debt finance, provided by the Group. The directors review these arrangements on a regular basis to ensure the Company is not excessively exposed to liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The directors review the levels of cash held by the Company to ensure that the amounts held are sufficient to mitigate cash flow risk as far as possible, and that adequate funds are available to facilitate the smooth running of the Company's operational activities.

Political donations

No donations were made to any political parties during the current year or the previous year.

Research and development

The company is currently involved in the research and development of further ranges of optical colour sorting equipment.

Important non adjusting events after the financial period

On 30 January 2020 the World Health Organisation declared the outbreak of the Coronavirus (Covid-19) pandemic to be a public health emergency of international concern. This is a non-adjusting subsequent event, as it does not impact the valuation of assets as at the year end date.

As detailed in the Strategic Report the outbreak and the uncertainties it creates has had an impact on the trade and activities of the company, as well as the value of investments, assets and liabilities. At this time however, it is not possible, to quantify the change in value in a meaningful way, due to ongoing volatility as the situation is fluid and unpredictable.

Despite the current conditions, based on the projected forecasts the directors believe they have sufficient resources to continue as a going concern.

Directors' liabilities

Throughout the financial year and as at the date of the approval of these financial statements, the Company maintained Directors and Officer's Liability insurance policies on behalf of the directors of the Company. These policies meet the 2006 Companies Act definition of a qualifying third party indemnity provision.

Bühler UK Limited

Directors' Report for the Year Ended 31 December 2019

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Independent auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 27 April 2020 and signed on its behalf by:

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PM Silverman
Director

.....
C Gossweiler
Director

Bühler UK Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Approved by the Board on 27 April 2020 and signed on its behalf by:

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PM Silverman
Director

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C Gossweiler
Director

Bühler UK Limited

Independent Auditors' Report to the members of Bühler UK Limited

Report on the audit of the financial statements

Opinion

In our opinion Bühler UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended; have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained 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

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Bühler UK Limited

Independent Auditors' Report to the members of Bühler UK Limited

Reporting on 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. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether this is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below:

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statement and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Bühler UK Limited

Independent Auditors' Report to the members of Bühler UK Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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Alex Crompton (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Uxbridge

27 April 2020

Bühler UK Limited

Income Statement for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	<u>4</u>	84,878,181	94,358,251
Cost of sales		<u>(63,736,457)</u>	<u>(66,601,402)</u>
Gross profit		21,141,724	27,756,849
Distribution costs		(4,778,814)	(4,897,632)
Administrative expenses		(14,112,352)	(10,376,979)
Other operating income	<u>5</u>	<u>353,162</u>	<u>358,772</u>
Operating profit	<u>6</u>	2,603,720	12,841,010
Interest receivable and similar income	<u>8</u>	38,000	821,322
Interest payable and similar expenses	<u>9</u>	<u>(2,657,988)</u>	<u>(49,286)</u>
(Loss)/profit before taxation		(16,268)	13,613,046
Tax on (loss)/ profit	<u>13</u>	<u>(170,783)</u>	<u>(2,170,080)</u>
(Loss)/profit for the financial year		<u><u>(187,051)</u></u>	<u><u>11,442,966</u></u>

The notes on pages 17 to 39 form an integral part of these financial statements.

Bühler UK Limited

Statement of Total Comprehensive Income for the Year Ended 31 December 2019

	2019	2018
	£	£
(Loss)/profit for the financial year	<u>(187,051)</u>	<u>11,442,966</u>
Remeasurements of net defined benefit pension scheme surplus	369,000	1,768,000
Movement on deferred tax relating to pension surplus	<u>(70,110)</u>	<u>(300,560)</u>
Other comprehensive income	<u>298,890</u>	<u>1,467,440</u>
Total comprehensive income for the year	<u><u>111,839</u></u>	<u><u>12,910,406</u></u>

The notes on pages 17 to 39 form an integral part of these financial statements.

Bühler UK Limited

(Registration number: 00434274) Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	<u>14</u>	-	6,722
Tangible assets	<u>15</u>	14,399,593	13,301,582
		<u>14,399,593</u>	<u>13,308,304</u>
Current assets			
Stock	<u>16</u>	15,109,140	9,850,771
Debtors	<u>17</u>	27,488,987	33,275,911
Cash at bank and in hand	<u>18</u>	2,581,178	12,279,138
		45,179,305	55,405,820
Creditors: Amounts falling due within one year	<u>19</u>	(24,305,794)	(24,056,257)
Net current assets		<u>20,873,511</u>	<u>31,349,563</u>
Total assets less current liabilities		35,273,104	44,657,867
Provisions for liabilities	<u>20</u>	(1,167,824)	(834,426)
Net assets excluding pension asset		34,105,280	43,823,441
Post-employment benefit plan asset	<u>21</u>	2,008,000	1,178,000
Net assets		<u>36,113,280</u>	<u>45,001,441</u>
Capital and reserves			
Called up share capital	<u>22</u>	1,250,000	1,250,000
Retained earnings		<u>34,863,280</u>	<u>43,751,441</u>
Total equity		<u>36,113,280</u>	<u>45,001,441</u>

Approved and authorised by the Board on 27 April 2020 and signed on its behalf by:

.....
PM Silverman
Director

.....
C Gossweiler
Director

The notes on pages 17 to 39 form an integral part of these financial statements.
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Bühler UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2019	1,250,000	43,751,441	45,001,441
Loss for the financial year	-	(187,051)	(187,051)
Other comprehensive income	-	298,890	298,890
Total comprehensive income for the year	-	111,839	111,839
Dividends	-	(9,000,000)	(9,000,000)
At 31 December 2019	1,250,000	34,863,280	36,113,280

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2018	1,250,000	36,841,035	38,091,035
Profit for the financial year	-	11,442,966	11,442,966
Other comprehensive income	-	1,467,440	1,467,440
Total comprehensive income for the year	-	12,910,406	12,910,406
Dividends	-	(6,000,000)	(6,000,000)
At 31 December 2018	1,250,000	43,751,441	45,001,441

The notes on pages 17 to 39 form an integral part of these financial statements.

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by shares and is incorporated and domiciled in England and Wales.

The address of its registered office is:

20 Atlantis Avenue
London
E16 2BF
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, modified by certain financial assets and liabilities measured at fair value through profit or loss.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Bühler UK Limited is a qualifying entity as its results are consolidated into the financial statements of Bühler Holding AG which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to present a statement of cash flows as required by paragraph 3.17 (d) of FRS 102;
- (ii) from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, 12.26 and 12.29; and
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv).

Name of parent of group

These financial statements are consolidated in the financial statements of Bühler Holding AG.

The financial statements of Bühler Holding AG may be obtained from CH - 9240 Uzwil, Switzerland.

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. The financial performance of the company is dependent upon the wider economic environment in which it operates.

The Company's forecasts and projections, taking reasonable account of possible changes in trading performance, indicate at the date of approval of the 2019 financial statements that the company can pay its debts as they fall due for at least for the forthcoming 12 months. Therefore, the directors have a reasonable expectation that the company can continue to adopt the going concern basis in preparing its financial statements.

Turnover recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises turnover when the amount of turnover can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities.

Turnover is differentiated between the following business activities:

- a) The sale of engineered plant orders, whole or partial, usually including installation or supervision of installation and start up services. Orders are fulfilled and managed as projects under the responsibility of an assigned project manager. Spare parts, training and technical assistance included in the main plant order are allocated to this business activity. Project progress when a performance obligation is satisfied over time is measured based on the cost incurred in relation to the total project costs (input method).
- b) The sale of single machines and spares parts including components, subassembly and assembly to an existing machine or equipment. Turnover from the sale of machines is recognised when a customer receives the goods and the company satisfies its performance obligation.
- c) Services including repairs, maintenance, reconditioning, performance contracts, training, technological consultancy, lab trials, technical assistance, planning and control. Revenue from services is recognised on a straight-line basis over the lifetime of the contract.

Government grants

Government grants relating to tangible fixed assets are accounted for using the accrual method. The grant is recognised in profit and loss on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred it is recognised as deferred income and not deducted from the carrying amount of the asset.

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Research and development

Expenditure on research or the research phase of an internal project is expensed as incurred. In the research phase of an internal project the entity cannot demonstrate that there is an intangible asset that will generate probable future economic benefits.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land and buildings	2.5% straight line
Furniture, fittings and equipment	8.33% to 33.33% straight line
Other property, plant and equipment	10% to 33.33% straight line

Intangible assets

Intangible assets are stated in balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Asset class	Amortisation method and rate
Computer software	33.33% straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stock is 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 profit or loss.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement of the creditor for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at amortised costs using the effective interest rate method.

Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

A provision is recognised for expected warranty claims on products sold during the last 12 months. It is expected that most of these costs will be incurred in the next financial year.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed/fall short of the contribution due for service, the excess/shortfall is recognised as a prepayment/accrual.

Defined benefit pension obligation

The company operates two defined benefit pension schemes.

Pension costs for the group's defined benefit scheme are recognised as follows:

(a) Within operating profit

- The current service cost arising from employee service in the current period;
- The prior year service cost related to employee service in prior periods arising in the current period as a result of improvements to benefits and;
- Gains and losses arising on unanticipated or curtailments where the item that gave rise to the settlement or curtailment is recognised within operating profit.

(b) Within interest payable/receivable

- The interest cost on the liabilities, calculated by reference to the scheme liabilities and discount rate at the beginning of the period and allowing for changes during the period; and
- The expected return on assets, calculated by reference to the assets and discount rate at the beginning of the period and allowing for changes during the period.

(c) Within the statement of comprehensive income

- The differences between the actuarial assumptions and actual experience, and the effect of changes in actuarial assumptions.

Notes to the Financial Statements for the Year Ended 31 December 2019

2 Accounting policies (continued)

Financial Instruments

The company applies sections 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Financial assets

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the income statement immediately.

If there is 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 the income statement immediately.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade creditors, 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 receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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 to liability simultaneously.

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

3 Critical accounting estimates and judgements

Judgements

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.

Revision to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

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 outlined below:

Impairment of stock

The company manufactures machines which are subject to technological developments and customer demands. As a result it is necessary to consider the recoverability of cost of stock and the associated provision required. When calculating stock provisions, management considers the nature and condition of the stock, as well as applying assumptions around anticipated future usage of stock components.

Pension Asset/ liability

The company has an obligation to pay pension benefits. Any surplus or deficit in the plan is calculated between the difference between the fair value of the plan's assets and the defined benefit obligation. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, asset valuations and the discount rate on corporate bonds. The assumptions reflect historical experience and current trends. Any surplus is restricted so that it is no more than the economic benefits that could be realised by the company, either in the form of future refunds or reductions in future contributions.

Warranty provisions

The company makes an estimate of the recoverable value of its debtors and amounts due from fellow group undertakings. When carrying out the assessment directors consider factors including the aging profile of debtors, historic experience and performance of the debtors' business.

Similarly, the company calculates a provision of 1% of machine turnover for the warranties which are in place for the machines which are sold. In calculating this provision, management consider the costs incurred for any specific issues which may have arisen which could impact on the size or volume of future warranty claims being made.

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2019 £	2018 £
Sale of goods	78,977,877	87,269,952
Rendering of services	5,778,363	7,054,785
Other revenue	121,941	33,514
	<u>84,878,181</u>	<u>94,358,251</u>

The analysis of the company's turnover for the year by market is as follows:

	2019 £	2018 £
UK	21,002,586	18,254,916
Europe	27,350,797	29,971,162
Rest of world	36,524,798	46,132,173
	<u>84,878,181</u>	<u>94,358,251</u>

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019 £	2018 £
Research and development expenditure credit	353,162	358,772

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

6 Operating profit

Arrived at after charging

	2019 £	2018 £
Depreciation expense	800,716	545,290
Amortisation of Government grant	(43,200)	(43,200)
Amortisation expense (charged to administrative expenses)	6,722	17,137
Bad debt expense	3,435,565	222,650
Research and development cost	2,943,019	2,989,769
Operating lease expense - other	471,523	481,542

In 2019 management had to write off the receivables of a customer project which has been stopped due to customer reasons. Management were investigating solutions to have a better outcome for Bühler UK Ltd for several years but had to come to the conclusion at the end of 2019 that the best way forward is to stop the project and write off the receivable and the hedge loss, which has been included in the bad debt expense above.

7 Government grants

The Government grant received towards the purchase of leasehold land is treated as deferred income which is credited to the income statement by instalments over the 125 year lease period of the land on a basis consistent with the depreciation policy. At the year end a balance of £4,795,200 (2018: £4,838,400) was included in deferred income in relation to this grant.

The amount of grants recognised in the financial statements was £43,200 (2018 - £43,200).

8 Other interest receivable and similar income

	2019 £	2018 £
Other finance income	38,000	-
Foreign exchange gains	-	821,322
	38,000	821,322

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest expense on other finance liabilities	2,770	28,286
Foreign exchange losses	2,655,218	-
Other finance costs	-	21,000
	<u>2,657,988</u>	<u>49,286</u>

In 2019 management had to write off the receivables of a customer project which has been stopped due to customer reasons. Management were investigating solutions to have a better outcome for Bühler UK Ltd for several years but had to come to the conclusion at the end of 2019 that the best way forward is to stop the project and write off the receivable and the hedge loss, which has been included in the foreign exchange losses above.

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	14,023,001	13,560,342
Social security costs	1,535,165	1,445,577
Other pension costs	847,315	820,304
Other employee expense	123,383	120,801
	<u>16,528,864</u>	<u>15,947,024</u>

The average number of persons employed monthly by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Production	95	99
Administration and support	26	30
Research and development	85	77
Sales, marketing and distribution	133	114
	<u>339</u>	<u>320</u>

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	1,429,770	1,495,725
Contributions paid to money purchase schemes	112,160	104,237
	<u>1,541,930</u>	<u>1,599,962</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>7</u>	<u>8</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	202,981	220,684
Company contributions to money purchase pension schemes	<u>15,530</u>	<u>17,099</u>

12 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>68,000</u>	<u>64,300</u>
Other audit related fees		
The auditing of the financial statements of any related undertaking of the company	2,000	2,000
Taxation compliance services	<u>15,000</u>	<u>-</u>
	<u>17,000</u>	<u>2,000</u>

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

13 Tax on profit

Tax charged in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	-	1,909,624
Foreign tax	46,068	-
Total current income tax	46,068	1,909,624
Deferred taxation		
Arising from origination and reversal of timing differences	124,715	260,456
Tax expense	170,783	2,170,080
Tax relating to items recognised in other comprehensive income or equity		
	2019 £	2018 £
Deferred tax related to items recognised as items of other comprehensive income	70,110	300,560

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
(Loss)/profit before tax	(16,268)	13,613,046
Corporation tax at standard rate	(3,091)	2,586,479
Effect of expense not deductible in determining taxable profit	198,447	96,203
Effect of tax losses	(238,367)	-
Effect of foreign tax rates	46,068	-
Decrease from effect of tax incentives	-	(640,313)
Tax decrease from effect of capital allowances and depreciation	(108,146)	(9,245)
Tax increase from other short-term timing differences	363,082	260,456
Tax decrease from changes in pension fund prepayment	(87,210)	(123,500)
Total tax charge	170,783	2,170,080

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

13 Tax on profit (continued)

Factors affecting future tax charges

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods, being 19%.

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2019		
Capital allowances in excess of depreciation	-	500,979
Retirement benefit surplus	-	381,520
Tax losses carried forward	238,367	-
	<u>238,367</u>	<u>882,499</u>

	Liability £
2018	
Capital allowances in excess of depreciation	249,047
Retirement benefit surplus	200,260
Tax losses carried forward	-
	<u>449,307</u>

14 Intangible assets

	Software £	Total £
Cost or valuation		
At 1 January 2019	494,649	494,649
At 31 December 2019	494,649	494,649
Amortisation		
At 1 January 2019	487,927	487,927
Amortisation charge	6,722	6,722
At 31 December 2019	494,649	494,649
Carrying amount		
At 31 December 2019	-	-
At 31 December 2018	6,722	6,722

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

15 Tangible assets

	Freehold land and buildings £	Assets under construction £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 January 2019	10,331,313	1,685,899	3,114,042	1,105,485	16,236,739
Additions	-	-	1,753,904	160,582	1,914,486
Disposals	-	-	(958,533)	-	(958,533)
Transfers	-	(1,685,899)	1,685,899	-	-
At 31 December 2019	10,331,313	-	5,595,312	1,266,067	17,192,692
Depreciation					
At 1 January 2019	266,303	-	1,935,895	732,959	2,935,157
Charge for the year	221,437	-	503,115	76,164	800,716
Eliminated on disposal	-	-	(942,774)	-	(942,774)
At 31 December 2019	487,740	-	1,496,236	809,123	2,793,099
Carrying amount					
At 31 December 2019	9,843,573	-	4,099,076	456,944	14,399,593
At 31 December 2018	10,065,010	1,685,899	1,178,147	372,526	13,301,582

16 Stock

	2019 £	2018 £
Raw materials and consumables	7,847,063	4,905,973
Work in progress	4,498,199	3,110,440
Finished goods and goods for resale	2,763,878	1,834,358
	15,109,140	9,850,771

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

17 Debtors

	Note	2019 £	2018 £
Trade debtors		12,142,131	17,045,967
Amounts owed by group undertakings	<u>25</u>	9,079,467	11,082,924
Other Debtors		2,126,791	1,746,441
Gross amount due from customers for contract work		2,550,397	2,787,745
Deferred tax assets	<u>13</u>	238,367	-
Corporation tax asset	<u>13</u>	781,518	-
Prepayments and accrued income		570,316	612,834
		<u>27,488,987</u>	<u>33,275,911</u>

Trade debtors are stated after provision for impairment of £90,253 (2018: £304,932).
Amounts owed by group undertakings accrue no interest and are repayable on demand.

Included in trade debtors are amounts receivable after 12 months or longer totalling £1,264,500 (2018: £4,748,196).

18 Cash at bank and in hand

	2019 £	2018 £
Cash on hand	733	820
Cash at bank	2,580,445	12,278,318
	<u>2,581,178</u>	<u>12,279,138</u>

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

19 Creditors: Amounts falling due within one year

	Note	2019 £	2018 £
Trade creditors		5,463,825	3,156,413
Amounts owed to group undertakings	<u>25</u>	3,216,350	2,824,052
Other taxation and social security		429,892	399,516
Other creditors		722,082	1,721,753
Corporation tax liability		-	38,086
Deferred government grant	<u>7</u>	4,795,200	4,838,400
Accrued expenses and deferred income		9,678,445	11,078,037
		<u>24,305,794</u>	<u>24,056,257</u>

Amounts owed to group undertakings accrue no interest and are repayable on demand.

20 Provisions for liabilities

	Warranties £	Deferred tax on other timing differences £	Deferred tax on pensions £	Total £
At 1 January 2019	385,119	249,047	200,260	834,426
Increase in existing provisions	81,080	251,932	181,260	514,272
Provisions used	<u>(180,874)</u>	<u>-</u>	<u>-</u>	<u>(180,874)</u>
At 31 December 2019	<u>285,325</u>	<u>500,979</u>	<u>381,520</u>	<u>1,167,824</u>

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Post-employment benefits

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £744,320 (2018 - £683,312).

Defined benefit pension schemes

	2019 £	2018 £
The Sortex Final Salary Pension Scheme surplus/ (obligation)	452,000	(31,000)
The Bühler Pension Scheme surplus	1,556,000	1,209,000
Total defined benefit pension surplus	<u>2,008,000</u>	<u>1,178,000</u>

Sortex Final Salary Pension Scheme

The deficit is being spread over the remaining service life of the employees who were members of the Sortex Final Salary Scheme at the date of closure. The remaining deficit will be eliminated through company contributions to the scheme. Contributions paid during the year amounted to £190,000 (2018 - £190,000). There were no outstanding contributions as at 31 December 2019.

The date of the most recent comprehensive actuarial valuation was 31 December 2016. The pension cost and provision are assessed in accordance with the advice of a professionally qualified actuary (First Actuarial) using the project unit credit method.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £Nil (2018 - £2,000). The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2018 - £Nil).

Reconciliation of present value of scheme liabilities

The amounts recognised in the statement of financial position are as follows:

	2019 £	2018 £
Fair value of scheme assets	6,428,000	5,572,000
Present value of defined benefit obligation	<u>(5,976,000)</u>	<u>(5,603,000)</u>
Defined benefit pension scheme surplus/(deficit)	<u>452,000</u>	<u>(31,000)</u>

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Post-employment benefits (continued)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2019
	£
Present value at start of year	5,603,000
Interest Cost	148,000
Actuarial gains and losses	452,000
Benefits paid	(202,000)
Other	(25,000)
	<hr/>
Present value at end of year	<u><u>5,976,000</u></u>

Reconciliation of scheme assets

Changes in the fair value of scheme assets are as follows:

	2019
	£
Fair value at start of year	5,572,000
Interest income	150,000
Return on plan assets, excluding interest income	743,000
Employer contributions	190,000
Benefits paid	(202,000)
Other	(25,000)
	<hr/>
Fair value at end of year	<u><u>6,428,000</u></u>

The fair value of the plan asset was:

	2019	2018
	£	£
Cash and cash equivalents	23,000	60,000
Equity instruments	3,865,000	3,148,000
Other assets	2,540,000	2,364,000
	<hr/>	<hr/>
	<u><u>6,428,000</u></u>	<u><u>5,572,000</u></u>

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Post-employment benefits (continued)

The return on plan assets was:

	2019 £	2018 £
Actual return on scheme assets	893,000	(275,000)

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2019 %	2018 %
Discount rate	1.90	2.70
Future pension increases	3.10	3.10
Inflation	3.10	3.20

Post retirement mortality assumptions

	2019 Years	2018 Years
Current UK pensioners at retirement age - male	86.00	86.00
Current UK pensioners at retirement age - female	88.00	88.00
Future UK pensioners at retirement age - male	87.00	88.00
Future UK pensioners at retirement age - female	89.00	90.00

Buhler Pension Scheme

The amounts in the financial statements for the year, relating to pensions, are based on a projected actuarial valuation dated 5 April 2018. The next actuarial valuation is due as at 5 April 2021.

The liabilities at the reporting date have been calculated by updating the final results of the actuarial valuation of the Scheme as at 5 April 2018 for the assumptions as detailed in these disclosures. Allowance has been made for the passage of time, benefits paid out of the scheme, inflationary experience, expected mortality over the period, and actual movement in financial conditions since the valuation date.

The accounting disclosures have been calculated by rolling forward the valuation liabilities from 5 April 2018 to the Measurement Date of 31 December 2019. The resulting assets/ liabilities have then been adjusted to reflect the different assumptions used.

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Post-employment benefits (continued)

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £103,000 (2018: £156,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2018: £Nil).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2019 £
Fair value of scheme assets	17,154,000
Present value of defined benefit obligation	<u>(15,598,000)</u>
Defined benefit pension scheme surplus	<u><u>1,556,000</u></u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2019 £
Present value at the start of the year	13,880,000
Interest cost	375,000
Actuarial gains and losses	1,836,000
Benefits paid	<u>(493,000)</u>
Present value at end of year	<u><u>15,598,000</u></u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2019 £
Present value at the start of the year	15,089,000
Interest income	411,000
Return on plan assets, excluding amounts included in interest income/(expense)	1,914,000
Employer contributions	336,000
Benefits paid	(493,000)
Administration costs	<u>(103,000)</u>
Fair value at end of year	<u><u>17,154,000</u></u>

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Post-employment benefits (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2019
	£
Cash and cash equivalents	332,000
Equity instruments	7,971,000
Other assets	7,378,000
Property	1,473,000
	<u>17,154,000</u>

Return on scheme assets

	2019
	£
Return on scheme assets	<u>2,325,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2019
	%
Discount rate	1.95
Future pension increases	2.30
Inflation	<u>3.00</u>

Post retirement mortality assumptions

	2019
	Years
Current UK pensioners at retirement age - male	87.00
Current UK pensioners at retirement age - female	89.00
Future UK pensioners at retirement age - male	89.00
Future UK pensioners at retirement age - female	<u>91.00</u>

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

22 Called up share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	1,250,000	1,250,000	1,250,000	1,250,000

23 Obligations under leases

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	354,652	222,823
Later than one year and not later than five years	614,355	307,072
Later than five years	77,641	256,768
	<u>1,046,648</u>	<u>786,663</u>

24 Dividends

During the year the directors paid dividends of £7.20 per share (2018: £4.80 per share) totalling £9,000,000 (2018: £6,000,000).

During the year the directors proposed dividends of £Nil per share (2018: £7.20 per share) totalling £Nil (2018: £9,000,000).

25 Related party transactions

The company has taken advantage of the exemption under FRS 102 section 33.1A not to disclose related party transactions with other group companies.

Bühler UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

26 Parent and ultimate parent undertaking

The company's immediate parent is Bühler UK Holdings Limited, incorporated in England and Wales.

The ultimate parent is Bühler Holding AG, incorporated in Switzerland.

The most senior parent entity producing publicly available financial statements is Bühler Holding AG. These financial statements are available upon request from CH 9240, Uzwil, Switzerland

27 Non adjusting events after the financial period

On 30 January 2020 the World Health Organisation declared the outbreak of the Coronavirus (Covid-19) pandemic to be a public health emergency of international concern. This is a non-adjusting subsequent event, as it does not impact the valuation of assets as at the year end date.

As detailed in the Strategic Report the outbreak and the uncertainties it creates has had an impact on the trade and activities of the company, as well as the value of investments, assets and liabilities. At this time however, it is not possible, to quantify the change in value in a meaningful way, due to ongoing volatility as the situation is fluid and unpredictable.

Despite the current conditions, based on the projected forecasts the directors believe they have sufficient resources to continue as a going concern.

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