

Company Registration No. 02074320 (England and Wales)

MAREL GB LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



MAREL GB LTD

COMPANY INFORMATION

Directors	P Gudjonsson G J Rolinson
Secretary	S M Silvey
Company number	02074320
Registered office	2020 The Crescent Birmingham Business Park Birmingham B37 7YE
Auditor	RSM UK Audit LLP Chartered Accountants 7th Floor City Gate East Tollhouse Hill Nottingham NG1 5FS

MAREL GB LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activity

The principal activity of the company continued to be the importing, distribution, installation service and technical support of processing equipment and systems to the food processing industry.

Fair review of the business and future developments

During the financial year under review turnover decreased from £22.47m to £22.12m. Cost of sales also decreased from £14.83m to £13.98m. The overall effect on gross profit was an increase of 6.5% from £7.6m to £8.1m.

The continuous improvement of our servicing, installation & repairs capability allows us to meet, increase and improve our service level agreements with our customers as we strive to become the customers' choice.

The directors believe that our continued programme of stream lining processes and procedures will help to drive the company forward and help increase profits by reducing inefficiencies.

A strong platform has been put in place to enable sustained growth within the industry and our focus continues to be a provider of advanced equipment, systems and services to the poultry, fish, meat & further processing industries. At the close of the financial year the company had retained earnings of £3.637m (2018: £2.712m).

Principal risks and uncertainties

The business monitors its key risks and seeks to mitigate their potential impact. The business considers that the key risks are:

Competition risk

There is strong competition within the market place. The entity's brand, full service package as well as strong focus on customer service allows it to create a strong working relationship with customers that is not easily transferable.

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

UK Departure from the European Union

On June 23, 2016, the UK held a referendum in which voters approved an exit from the European Union ("EU"), commonly referred to as Brexit. Brexit has caused significant disruption and uncertainty in the UK and worldwide business communities and has resulted in volatile currency exchange fluctuations.

There remains significant uncertainty over the final terms of the exit, including the possibility the UK leaves without a deal with the EU which would result in the imposition of tariffs and import checks.

Whilst the company has taken steps to mitigate the impact of Brexit on the business, especially in the event that no agreement on the future trading relationship is agreed prior to the UK's exit from the EU, other factors outside our control could have an adverse material impact on our business and financial condition. We continue to monitor this situation and await the outcome of negotiation with the EU.

MAREL GB LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Covid-19

Marel has continued to operate successfully and profitably during the COVID-19 pandemic.

Marel has seen an increase to our current order book, which is 32% ahead of last year. We have acquired new customers due to the requirement to sell to retail as opposed to food service, to keep up with Food demand across Europe and North America. Our Customers are critical businesses and have been running at full capacity throughout the Pandemic. There has been isolated incidents that have effected individual customers, such as the closure of some food factories, but overall, the impact on the customers of Marel has been small. Debtor recoverability has remained strong, which is also assisted by the existing customer prepayment requirement for machines before they are shipped.

Marel has undertaken work to secure components for supply, looking at multiple suppliers and stockpiling to secure manufacturing supply. The issues we have encountered are around staffing levels (due to isolation) and space for the increase in demand. We have mitigated the risk of supply of components. Employees have been working overtime and we are looking to increase our staffing levels to keep up with the increase in demand. We are also looking into ways to reduce manufacturing time through increased stock of sub-assemblies and increasing efficiency overall.

Marel is working hard to reduce the risk that coronavirus will spread in our facilities. Despite the slight easing of government restrictions in July, Marel are taking a cautious approach in order to protect our employees and ensure business continuity, and have numerous measures in place to ensure this. Unless employees have been expressly or explicitly advised that that are able to do so, they are remaining away from our current locations at the present time. For those who are unable to do this, Marel continues to support the 2 meter social distancing wherever possible and PPE is widely available for those who require it. At the start of the pandemic, Marel created a Crisis team to assist with any issues that arise as a result of the pandemic. Employees have responded well to the change in working environments.

Financial risk management objectives and policies, and financial instruments

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company makes little use of financial instruments other than operational bank accounts. It's exposure to price risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

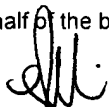
Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The business is a lessee in respect of operating leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Key performance indicators

The directors use three key performance indicators to assess the financial performance and position of the company: turnover, margins, and shareholders funds. These have been referred to above.

On behalf of the board



G J Rolinson

Director

Date: 16th November 2020

MAREL GB LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Directors

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

P Gudjonsson
G J Rolinson

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of any further dividend.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report, and has done so in respect of future developments and financial instruments.

On behalf of the board



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G J Rolinson
Director

Date: 16th November 2020

MAREL GB LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAREL GB LTD

Opinion

We have audited the financial statements of Marel GB Ltd (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, the statement of financial position, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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

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

Other information

The 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAREL GB LTD (CONTINUED)

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 set out on page 4, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Kelly Boorman FCCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

7th Floor

City Gate East

Tollhouse Hill

Nottingham

NG1 5FS

03/12/2020..

MAREL GB LTD

STATEMENT OF INCOME AND RETAINED EARNINGS


FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	22,112,287	22,466,673
Cost of sales		(13,975,488)	(14,826,043)
Gross profit		8,136,799	7,640,630
Distribution costs		(6,273,243)	(5,965,587)
Administrative expenses		(743,736)	(851,477)
Operating profit	7	1,119,820	823,566
Interest receivable and similar income	8	22,627	15,019
Interest payable and similar expenses	9	(30,177)	(194)
Profit before taxation		1,112,270	838,391
Tax on profit	10	(187,719)	(144,249)
Profit for the financial year		924,551	694,142
Retained earnings brought forward		2,712,417	2,018,275
Retained earnings carried forward		3,636,968	2,712,417

MAREL GB LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	11		130,195		216,665
Current assets					
Stocks	12	1,351,218		1,250,730	
Debtors	13	6,296,966		5,440,684	
Cash at bank and in hand		3,015,984		2,068,241	
		10,664,168		8,759,655	
Creditors: amounts falling due within one year	14	(6,857,395)		(5,963,903)	
Net current assets			3,806,773		2,795,752
Total assets less current liabilities			3,936,968		3,012,417
Capital and reserves					
Called up share capital	17	300,000		300,000	
Profit and loss reserves	18	3,636,968		2,712,417	
Total equity			3,936,968		3,012,417

The financial statements were approved by the board of directors and authorised for issue on 16th November 2020 and are signed on its behalf by:



 G J Rolinson
 Director

MAREL GB LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	20	1,211,044		757,276	
Interest paid		(30,177)		(194)	
Income taxes paid		(255,751)		(172,941)	
Net cash inflow from operating activities		<u>925,116</u>		<u>584,141</u>	
Investing activities					
Purchase of tangible fixed assets		-		(17,423)	
Interest received		22,627		15,019	
Net cash generated from/(used in) investing activities		<u>22,627</u>		<u>(2,404)</u>	
Net increase in cash and cash equivalents		<u>947,743</u>		<u>581,737</u>	
Cash and cash equivalents at beginning of year		2,068,241		1,486,504	
Cash and cash equivalents at end of year		<u><u>3,015,984</u></u>		<u><u>2,068,241</u></u>	

MAREL GB LTD

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

1 Accounting policies

Company information

Marel GB Ltd "the company" is a private company limited by shares and is registered, domiciled and incorporated in England. The address of the company's registered office is 2020 The Crescent, Birmingham Business Park, Birmingham, B37 7YE.

The company's principal activity is disclosed in the Strategic Report.

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", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Group (Accounts and Reports) Regulations 2008.

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.

Going concern

The financial statements have been prepared on a going concern basis. The directors have carried out a detailed review, covering the period to 31 December 2021 having considered its order book going forward and their ability to fulfil this demand. Having considered this, the company's resources, and the challenges presented by the current economic climate and the impact of the Covid-19 outbreak, the directors are satisfied that based on the current level of cash reserves and its stock holding, the company has sufficient cash flows to meet its liabilities as they fall due.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of processing equipment

Turnover represent amounts invoiced during the year after adjusting for income received in advance for the sale of the processing equipment. The sale of the processing equipment is recognised when the risks and rewards of ownership have transferred to the customer, which is when the goods are delivered and legal title has passed to the customer.

Technical support of processing equipment

Turnover represent amounts invoiced during the year after adjusting for income received in advance for software and hardware maintenance sales. Turnover on software and hardware maintenance are invoiced quarterly or annually in advance and revenue is recognised on a time-basis over the appropriate service or subscription period. Turnover is recognised when the risks and rewards of ownership have transferred to the customer.

Other income

Interest income

Interest income is accrued on a time - apportioned basis, by reference to the principal amount on deposit at the bank at the effective rate of interest.

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Tangible fixed assets with a cost price in excess of £2,000 are capitalised and all other expenditure is charged to the statement of income in the year incurred.

Tangible fixed assets (continued)

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

Leasehold improvements	20% straight line
Plant and machinery	20%-33% straight line
Fixtures, fittings and equipment	25% straight line
Motor vehicles	25%-33% 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 the statement of income.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the the age and in the condition expected at the end of its useful life.

Impairment of fixed assets

At each reporting 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.

Stocks

Stocks are stated at the lower of cost and net realisable value which comprises estimated selling price less costs to 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.

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

Cash and cash equivalents

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

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Financial instruments

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

Financial instruments are recognised 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 trade and other debtors, cash and bank balances and amounts due by group undertakings, 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 the statement of income.

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 trade and other creditors and amounts due to group undertakings 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.

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

Derecognition of financial liabilities

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

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the statement of income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to off set the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Retirement benefits

For defined contribution schemes the amount charged to the statement of income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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.

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the statement of income, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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.

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Depreciation

The assessment of the useful economic lives and the method of depreciating tangible fixed assets requires judgement. Depreciation is charged to the income statement based on the useful economic life selected, which requires an estimation of the period and profile over which the Company expects to consume the future economic benefits embodied in the assets. The tangible assets have a net book value at the year end of £130,195 (2018: £216,665).

Stock provision

Stocks are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends. The value of stocks at the year end is £1,351,218 (2018: £1,250,730).

Bad debt provision

Trade debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgement from the management team, based on the creditworthiness of the customer. The value of trade debtors at the year end is £3,784,415 (2018: £4,230,842).

Turnover recognition

Management judgement is required in assessing the point at which revenue should be recognised. Revenue is recognised at the point when the significant risks and rewards of ownership have passed to the buyer, the amount of revenue can be measured reliably, and 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. The key judgement relates to the recognition and deferment of the maintenance support income. The value of deferred income at the year end and included in creditors is £3,265,352 (2018: £1,717,523).

3 Turnover

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Sales of processing equipment	9,284,250	10,652,401
Technical support	12,828,037	11,814,272
	<u>22,112,287</u>	<u>22,466,673</u>

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover (Continued)

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	21,037,730	19,538,766
European Union	816,882	1,973,098
Outside European Union	257,675	954,809
	<u>22,112,287</u>	<u>22,466,673</u>

4 Employees

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

	2019 Number	2018 Number
Service and support	58	56
Sales	11	11
Administrative	6	6
Management	5	4
	<u>80</u>	<u>77</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	3,885,921	3,630,995
Social security costs	508,329	450,172
Pension costs	195,971	138,519
	<u>4,590,221</u>	<u>4,219,686</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	187,951	168,886
Company pension contributions to defined contribution schemes	14,308	13,892
	<u>202,259</u>	<u>182,778</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Auditor's remuneration	2019	2018
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	22,500	16,000
	<u> </u>	<u> </u>
7 Operating profit	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(67,459)	18,865
Depreciation of owned tangible fixed assets	86,470	95,086
Impairment of stocks recognised or reversed	35,443	13,440
Operating lease charges	368,195	465,392
	<u> </u>	<u> </u>
8 Interest receivable and similar income	2019	2018
	£	£
Interest income		
Interest on bank deposits	22,627	15,019
	<u> </u>	<u> </u>
Interest on financial assets not measured at fair value through profit or loss	22,627	15,019
	<u> </u>	<u> </u>
9 Interest payable and similar expenses	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	28,162	194
Other finance costs:		
Other interest	2,015	-
	<u> </u>	<u> </u>
	30,177	194
	<u> </u>	<u> </u>
10 Taxation	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	246,374	163,909
Adjustments in respect of prior periods	(29,030)	(39,048)
	<u> </u>	<u> </u>
Total current tax	217,344	124,861
	<u> </u>	<u> </u>

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(29,625)	(10,700)
Changes in tax rates	-	30,088
Total deferred tax	<u>(29,625)</u>	<u>19,388</u>
Total tax charge	<u>187,719</u>	<u>144,249</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>1,112,270</u>	<u>838,391</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	211,331	159,294
Tax effect of expenses that are not deductible in determining taxable profit	532	1,853
Adjustments in respect of prior years	(29,030)	(8,960)
Effect of change in corporation tax rate	3,485	1,260
Depreciation on assets not qualifying for tax allowances	1,401	(9,198)
Taxation charge for the year	<u>187,719</u>	<u>144,249</u>

Factors affecting future tax charges:

Following the March 2020 budget, legislation is being put in place for the main rate of corporation tax to remain at 19% from 1 April 2020 instead of reducing to 17%. As this legislation was not substantively enacted at the year-end, deferred tax balances within the financial statements have been assessed at 17%.

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	390,064	20,678	86,979	105,188	602,909
Disposals	-	-	-	(105,188)	(105,188)
At 31 December 2019	390,064	20,678	86,979	-	497,721
Depreciation and impairment					
At 1 January 2019	193,121	20,678	67,257	105,188	386,244
Depreciation charged in the year	78,013	-	8,457	-	86,470
Eliminated in respect of disposals	-	-	-	(105,188)	(105,188)
At 31 December 2019	271,134	20,678	75,714	-	367,526
Carrying amount					
At 31 December 2019	118,930	-	11,265	-	130,195
At 31 December 2018	196,943	-	19,722	-	216,665

12 Stocks

	2019 £	2018 £
Finished goods and goods for resale	1,351,218	1,250,730

Finished goods stock with a carrying value of £122,291(2018: £86,848) have been written down to £nil (2018: £nil).

13 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	3,784,415	4,230,842
Amounts owed by group undertakings	1,413,901	1,020,281
Prepayments and accrued income	1,049,479	170,015
	6,247,795	5,421,138
Deferred tax asset (note 15)	49,171	19,546
	6,296,966	5,440,684

During the year, an impairment loss of £61,614 (2018: £103,333) was recognised in respect of trade debtors due from customers from whom payments are overdue.

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	324,819	53,602
Amounts owed to group undertakings	1,505,821	1,927,696
Corporation tax	158,089	196,496
Other taxation and social security	847,014	928,637
Other creditors	20	10,191
Accruals and deferred income	4,021,632	2,847,281
	<u>6,857,395</u>	<u>5,963,903</u>

15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £	Assets 2018 £
Balances:		
Excess of depreciation over taxation allowances	4,807	(4,398)
Other timing differences	44,364	23,944
	<u>49,171</u>	<u>19,546</u>

Movements in the year:

	2019 £
Liability/(Asset) at 1 January 2019	(19,546)
Credit to profit or loss	(29,625)
Liability/(Asset) at 31 December 2019	<u>(49,171)</u>

16 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>195,971</u>	<u>138,519</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 £Nil (2018: £Nil) were payable to the scheme at the end of the period and are included in creditors.

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

17 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
300,000 Ordinary shares of £1 each	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

18 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	352,000	363,381
Between one and five years	926,000	807,889
In over five years	200,000	350,000
	<u>1,478,000</u>	<u>1,521,270</u>

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

20 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	924,551	694,142
Adjustments for:		
Taxation charged	187,719	144,249
Finance costs	30,177	194
Investment income	(22,627)	(15,019)
Depreciation and impairment of tangible fixed assets	86,470	95,086
Movements in working capital:		
(Increase)/decrease in stocks	(100,488)	33,723
(Increase) in debtors	(826,657)	(869,806)
Increase in creditors	931,899	674,707
Cash generated from operations	1,211,044	757,276

21 Analysis of changes in net funds

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	2,068,241	947,743	3,015,984

22 Events after the reporting date

The COVID-19 outbreak that has occurred since the financial year end has the potential to impact on the financial position of the company during 2020/2021. Notwithstanding the uncertainties that exist around the outbreak, the current level of cash reserves and stock held by the company has satisfied the Directors that it has adequate resources to deal with the impact of the outbreak as it unfolds. The COVID-19 pandemic has been treated as a non-adjusting post balance sheet event.

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2019 £	2018 £
Aggregate compensation	222,780	202,595

MAREL GB LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

24 Ultimate controlling party

The immediate parent undertaking is Marel Food Systems A/S, a company incorporated in Denmark.

The ultimate parent company is Marel hf, a company incorporated in Iceland, and is the smallest and largest company for which consolidated accounts including Marel GB Limited are prepared. The consolidated accounts of Marel hf are available from its place of business at Austurhraun 9 - IS-210 Garðabær Island, Simi, Iceland.

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