

**Company Registration No. 02074320 (England and Wales)**

**MAREL GB LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**



# MAREL GB LTD

## COMPANY INFORMATION

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|--------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | P Gudjonsson<br>G J Rolinson                                                                                                       |
| <b>Secretary</b>         | S M Silvey                                                                                                                         |
| <b>Company number</b>    | 02074320                                                                                                                           |
| <b>Registered office</b> | 2020 The Crescent<br>Birmingham Business Park<br>Birmingham<br>B37 7YE                                                             |
| <b>Auditor</b>           | RSM UK Audit LLP<br>Chartered Accountants<br>Suite A<br>7th Floor, East West Building<br>2 Tollhouse Hill<br>Nottingham<br>NG1 5FS |

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# MAREL GB LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report and financial statements for the year ended 31 December 2020.

#### **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 £22.11m to £20.51m. Cost of sales also decreased from £13.98m to £12.95m. The overall effect on gross profit was a decrease of 7.1% from £8.1m to £7.6m.

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 & retail and food service industries. At the close of the financial year the company had retained earnings of £4.084m (2019: £3.637m).

#### **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

The UK left the European Union ('EU') on 31 January 2020. A transitional period, during which the UK is no longer a member of the EU but is still subject to EU rules and remains a member of the Customs Union, concluded on 31 December 2020. The UK's future trading relationship with the EU remains subject to negotiation.

Whilst the company has taken steps to mitigate the impact of Brexit on the business, 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 2020

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##### **Covid-19**

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

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 as best as possible. 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 they 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.

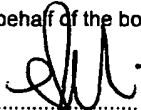
Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

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: 21/9/2021

# MAREL GB LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year ended 31 December 2020.

### Results and dividends

The results for the year are set out on page 8.

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

### 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

### 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.

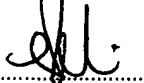
### Statement of disclosure to auditor

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



.....  
G J Rolinson  
Director

Date: 21/1/2021 .....

# **MAREL GB LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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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

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### Opinion

We have audited the financial statements of Marel GB Ltd (the 'company') for the year ended 31 December 2020 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 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 2020 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

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

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.



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

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Health and Safety, Trade Description Act, Weights & Measures Act 1985 and The Waste Electrical and Electronic Equipment Regulations 2013 (WEEE). We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations.

The audit team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud.

Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments
- evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- cut-off testing and substantive testing procedures to validate revenue recognition throughout the year.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Kelly Boorman FCCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Suite A  
7th Floor, East West Building  
2 Tollhouse Hill  
Nottingham  
NG1 5FS  
28/09/21

# MAREL GB LTD

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

|                                        | Notes     | 2020<br>£               | 2019<br>£               |
|----------------------------------------|-----------|-------------------------|-------------------------|
| <b>Turnover</b>                        | <b>3</b>  | 20,510,015              | 22,112,287              |
| Cost of sales                          |           | (12,949,228)            | (13,975,488)            |
| <b>Gross profit</b>                    |           | <u>7,560,787</u>        | <u>8,136,799</u>        |
| Distribution costs                     |           | (6,151,465)             | (6,273,243)             |
| Administrative expenses                |           | (887,662)               | (743,736)               |
| Other operating income                 |           | 67,690                  | -                       |
| <b>Operating profit</b>                | <b>6</b>  | <u>589,350</u>          | <u>1,119,820</u>        |
| Interest receivable and similar income | <b>8</b>  | 12,752                  | 22,627                  |
| Interest payable and similar expenses  | <b>9</b>  | (54,142)                | (30,177)                |
| <b>Profit before taxation</b>          |           | <u>547,960</u>          | <u>1,112,270</u>        |
| Tax on profit                          | <b>10</b> | (100,803)               | (187,719)               |
| <b>Profit for the financial year</b>   |           | <u>447,157</u>          | <u>924,551</u>          |
| Retained earnings brought forward      |           | 3,636,968               | 2,712,417               |
| Retained earnings carried forward      |           | <u><u>4,084,125</u></u> | <u><u>3,636,968</u></u> |

**MAREL GB LTD****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

|                                                       | Notes | 2020<br>£          | £                       | 2019<br>£          | £                       |
|-------------------------------------------------------|-------|--------------------|-------------------------|--------------------|-------------------------|
| <b>Fixed assets</b>                                   |       |                    |                         |                    |                         |
| Tangible assets                                       | 11    |                    | 53,735                  |                    | 130,195                 |
| <b>Current assets</b>                                 |       |                    |                         |                    |                         |
| Stocks                                                | 12    | 1,788,280          |                         | 1,351,218          |                         |
| Debtors                                               | 13    | 4,116,533          |                         | 6,296,966          |                         |
| Cash at bank and in hand                              |       | 1,845,122          |                         | 3,015,984          |                         |
|                                                       |       | <u>7,749,935</u>   |                         | <u>10,664,168</u>  |                         |
| <b>Creditors: amounts falling due within one year</b> | 14    | <u>(3,419,545)</u> |                         | <u>(6,857,395)</u> |                         |
| <b>Net current assets</b>                             |       |                    | <u>4,330,390</u>        |                    | <u>3,806,773</u>        |
| <b>Total assets less current liabilities</b>          |       |                    | <u><u>4,384,125</u></u> |                    | <u><u>3,936,968</u></u> |
| <b>Capital and reserves</b>                           |       |                    |                         |                    |                         |
| Called up share capital                               | 17    |                    | 300,000                 |                    | 300,000                 |
| Profit and loss reserves                              | 18    |                    | 4,084,125               |                    | 3,636,968               |
| <b>Total equity</b>                                   |       |                    | <u><u>4,384,125</u></u> |                    | <u><u>3,936,968</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 21/9/2021 and are signed on its behalf by:

  
G J Rolinson  
Director

# MAREL GB LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

|                                                               | Notes | 2020<br>£ | £           | 2019<br>£ | £         |
|---------------------------------------------------------------|-------|-----------|-------------|-----------|-----------|
| <b>Cash flows from operating activities</b>                   |       |           |             |           |           |
| Cash (absorbed by)/generated from operations                  | 19    |           | (751,596)   |           | 1,211,044 |
| Interest paid                                                 |       |           | (54,142)    |           | (30,177)  |
| Income taxes paid                                             |       |           | (361,655)   |           | (255,751) |
| <b>Net cash (outflow)/inflow from operating activities</b>    |       |           | (1,167,393) |           | 925,116   |
| <b>Investing activities</b>                                   |       |           |             |           |           |
| Purchase of tangible fixed assets                             |       | (16,221)  |             | -         |           |
| Interest received                                             |       | 12,752    |             | 22,627    |           |
| <b>Net cash (used in)/generated from investing activities</b> |       |           | (3,469)     |           | 22,627    |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |       |           | (1,170,862) |           | 947,743   |
| Cash and cash equivalents at beginning of year                |       |           | 3,015,984   |           | 2,068,241 |
| <b>Cash and cash equivalents at end of year</b>               |       |           | 1,845,122   |           | 3,015,984 |

# MAREL GB LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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 30 September 2022 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 ongoing 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 2020

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### 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.

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     |

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 2020

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### 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, amounts due by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the 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 2020

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### 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 2020

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### 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.

#### 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 £53,735 (2019: £130,195).

# MAREL GB LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### **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 £1,788,280 (2019: £1,351,218).

#### **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 £3,055,851 (2019: £3,784,415).

#### **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 £1,984,521 (2019: £3,265,352).

### 3 Turnover

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

|                                                 | 2020<br>£         | 2019<br>£         |
|-------------------------------------------------|-------------------|-------------------|
| <b>Turnover analysed by class of business</b>   |                   |                   |
| Sales of processing equipment                   | 12,638,269        | 9,284,250         |
| Technical support                               | 7,871,746         | 12,828,037        |
|                                                 | <u>20,510,015</u> | <u>22,112,287</u> |
|                                                 |                   |                   |
|                                                 | 2020<br>£         | 2019<br>£         |
| <b>Turnover analysed by geographical market</b> |                   |                   |
| United Kingdom                                  | 18,907,418        | 21,037,730        |
| European Union                                  | 1,391,554         | 816,882           |
| Outside European Union                          | 211,043           | 257,675           |
|                                                 | <u>20,510,015</u> | <u>22,112,287</u> |

# MAREL GB LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Employees

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

|                     | 2020<br>Number | 2019<br>Number |
|---------------------|----------------|----------------|
| Service and support | 58             | 58             |
| Sales               | 11             | 11             |
| Administrative      | 7              | 6              |
| Management          | 7              | 5              |
| Total               | 83             | 80             |

Their aggregate remuneration comprised:

|                       | 2020<br>£ | 2019<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 4,060,944 | 3,885,921 |
| Social security costs | 553,116   | 508,329   |
| Pension costs         | 167,558   | 195,971   |
|                       | 4,781,618 | 4,590,221 |

### 5 Directors' remuneration

|                                                               | 2020<br>£ | 2019<br>£ |
|---------------------------------------------------------------|-----------|-----------|
| Remuneration for qualifying services                          | 178,037   | 187,951   |
| Company pension contributions to defined contribution schemes | 14,737    | 14,308    |
|                                                               | 192,774   | 202,259   |

### 6 Operating profit

|                                                                     | 2020<br>£ | 2019<br>£ |
|---------------------------------------------------------------------|-----------|-----------|
| Operating profit for the year is stated after charging/(crediting): |           |           |
| Exchange losses/(gains)                                             | 28,322    | (67,459)  |
| Depreciation of owned tangible fixed assets                         | 92,681    | 86,470    |
| Impairment of stocks recognised or reversed                         | (79,983)  | 35,443    |
| Operating lease charges                                             | 365,769   | 368,195   |

# MAREL GB LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

|                                                                                |                   |                   |
|--------------------------------------------------------------------------------|-------------------|-------------------|
| <b>7 Auditor's remuneration</b>                                                | <b>2020</b>       | <b>2019</b>       |
|                                                                                | <b>£</b>          | <b>£</b>          |
| Fees payable to the company's auditor and its associates:                      |                   |                   |
| <b>For audit services</b>                                                      |                   |                   |
| Audit of the financial statements of the company                               | 27,500            | 22,500            |
|                                                                                | <u>          </u> | <u>          </u> |
| <b>8 Interest receivable and similar income</b>                                | <b>2020</b>       | <b>2019</b>       |
|                                                                                | <b>£</b>          | <b>£</b>          |
| <b>Interest income</b>                                                         |                   |                   |
| Interest on bank deposits                                                      | 12,752            | 22,627            |
|                                                                                | <u>          </u> | <u>          </u> |
| Interest on financial assets not measured at fair value through profit or loss | 12,752            | 22,627            |
|                                                                                | <u>          </u> | <u>          </u> |
| <b>9 Interest payable and similar expenses</b>                                 | <b>2020</b>       | <b>2019</b>       |
|                                                                                | <b>£</b>          | <b>£</b>          |
| <b>Interest on financial liabilities measured at amortised cost:</b>           |                   |                   |
| Interest on bank overdrafts and loans                                          | 46,572            | 28,162            |
| <b>Other finance costs:</b>                                                    |                   |                   |
| Other interest                                                                 | 7,570             | 2,015             |
|                                                                                | <u>          </u> | <u>          </u> |
|                                                                                | 54,142            | 30,177            |
|                                                                                | <u>          </u> | <u>          </u> |
| <b>10 Taxation</b>                                                             | <b>2020</b>       | <b>2019</b>       |
|                                                                                | <b>£</b>          | <b>£</b>          |
| <b>Current tax</b>                                                             |                   |                   |
| UK corporation tax on profits for the current period                           | 115,133           | 246,374           |
| Adjustments in respect of prior periods                                        | 12,838            | (29,030)          |
|                                                                                | <u>          </u> | <u>          </u> |
| Total current tax                                                              | 127,971           | 217,344           |
|                                                                                | <u>          </u> | <u>          </u> |
| <b>Deferred tax</b>                                                            |                   |                   |
| Origination and reversal of timing differences                                 | (27,189)          | (29,625)          |
| Adjustment in respect of prior periods                                         | 21                | -                 |
|                                                                                | <u>          </u> | <u>          </u> |
| Total deferred tax                                                             | (27,168)          | (29,625)          |
|                                                                                | <u>          </u> | <u>          </u> |
| Total tax charge                                                               | 100,803           | 187,719           |
|                                                                                | <u>          </u> | <u>          </u> |

# MAREL GB LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 10 Taxation (Continued)

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:

|                                                                                                      | 2020<br>£ | 2019<br>£ |
|------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit before taxation                                                                               | 547,960   | 1,112,270 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 104,112   | 211,331   |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 984       | 532       |
| Adjustments in respect of prior years                                                                | 12,838    | (29,030)  |
| Effect of change in corporation tax rate                                                             | (5,784)   | 3,485     |
| Depreciation on assets not qualifying for tax allowances                                             | 1,493     | 1,401     |
| Research and development tax credit                                                                  | (12,861)  | -         |
| Deferred tax adjustments in respect of prior years                                                   | 21        | -         |
| Taxation charge for the year                                                                         | 100,803   | 187,719   |

#### 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%. The deferred tax balances within these financial statements have been reassessed to reflect the rate remaining at 19%.

#### 11 Tangible fixed assets

|                                    | Leasehold<br>improvements<br>£ | Plant and<br>machinery<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Total<br>£ |
|------------------------------------|--------------------------------|-----------------------------|---------------------------------------------|------------|
| <b>Cost</b>                        |                                |                             |                                             |            |
| At 1 January 2020                  | 390,064                        | 20,678                      | 86,979                                      | 497,721    |
| Additions                          | -                              | -                           | 16,221                                      | 16,221     |
| At 31 December 2020                | 390,064                        | 20,678                      | 103,200                                     | 513,942    |
| <b>Depreciation and impairment</b> |                                |                             |                                             |            |
| At 1 January 2020                  | 271,134                        | 20,678                      | 75,714                                      | 367,526    |
| Depreciation charged in the year   | 78,012                         | -                           | 14,669                                      | 92,681     |
| At 31 December 2020                | 349,146                        | 20,678                      | 90,383                                      | 460,207    |
| <b>Carrying amount</b>             |                                |                             |                                             |            |
| At 31 December 2020                | 40,918                         | -                           | 12,817                                      | 53,735     |
| At 31 December 2019                | 118,930                        | -                           | 11,265                                      | 130,195    |

# MAREL GB LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Stocks

|                                     | 2020<br>£ | 2019<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 1,788,280 | 1,351,218 |

Finished goods stock with a carrying value of £42,308 (2019: £122,291) have been written down to £nil (2019: £nil).

### 13 Debtors

|                                             | 2020<br>£ | 2019<br>£ |
|---------------------------------------------|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 3,055,851 | 3,784,415 |
| Corporation tax recoverable                 | 75,595    | -         |
| Amounts owed by group undertakings          | 665,691   | 1,413,901 |
| Other debtors                               | 13,487    | -         |
| Prepayments and accrued income              | 229,570   | 1,049,479 |
|                                             | 4,040,194 | 6,247,795 |
| Deferred tax asset (note 15)                | 76,339    | 49,171    |
|                                             | 4,116,533 | 6,296,966 |

During the year, an impairment loss of £23,912 (2019: £61,614) was recognised in respect of trade debtors due from customers from whom payments are overdue.

### 14 Creditors: amounts falling due within one year

|                                    | 2020<br>£ | 2019<br>£ |
|------------------------------------|-----------|-----------|
| Trade creditors                    | 8,783     | 324,819   |
| Amounts owed to group undertakings | 314,105   | 1,505,821 |
| Corporation tax                    | -         | 158,089   |
| Other taxation and social security | 515,527   | 847,014   |
| Other creditors                    | 20,647    | 20        |
| Accruals and deferred income       | 2,560,483 | 4,021,632 |
|                                    | 3,419,545 | 6,857,395 |

# MAREL GB LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 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:

|                                                 | <b>Assets<br/>2020<br/>£</b> | <b>Assets<br/>2019<br/>£</b> |
|-------------------------------------------------|------------------------------|------------------------------|
| <b>Balances:</b>                                |                              |                              |
| Excess of depreciation over taxation allowances | 16,069                       | 4,807                        |
| Other timing differences                        | 60,270                       | 44,364                       |
|                                                 | <u>76,339</u>                | <u>49,171</u>                |
|                                                 |                              | <b>2020<br/>£</b>            |
| <b>Movements in the year:</b>                   |                              |                              |
| Asset at 1 January 2020                         |                              | (49,171)                     |
| Credit to profit or loss                        |                              | (27,168)                     |
| Asset at 31 December 2020                       |                              | <u>(76,339)</u>              |

### 16 Retirement benefit schemes

|                                                                     | <b>2020<br/>£</b> | <b>2019<br/>£</b> |
|---------------------------------------------------------------------|-------------------|-------------------|
| <b>Defined contribution schemes</b>                                 |                   |                   |
| Charge to profit or loss in respect of defined contribution schemes | 167,558           | 195,971           |

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.

Contribution totalling £30,667 (2019: £nil) were payable to the scheme at the end of the year and are included in creditors.

### 17 Share capital

|                                                         | <b>2020<br/>Number</b> | <b>2019<br/>Number</b> | <b>2020<br/>£</b> | <b>2019<br/>£</b> |
|---------------------------------------------------------|------------------------|------------------------|-------------------|-------------------|
| <b>Ordinary share capital<br/>Issued and fully paid</b> |                        |                        |                   |                   |
| Ordinary shares of £1 each                              | 300,000                | 300,000                | 300,000           | 300,000           |

#### *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.

# MAREL GB LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 19 Cash (absorbed by)/generated from operations

|                                                      | 2020<br>£        | 2019<br>£        |
|------------------------------------------------------|------------------|------------------|
| Profit for the year after tax                        | 447,157          | 924,551          |
| <b>Adjustments for:</b>                              |                  |                  |
| Taxation charged                                     | 100,803          | 187,719          |
| Finance costs                                        | 54,142           | 30,177           |
| Investment income                                    | (12,752)         | (22,627)         |
| Depreciation and impairment of tangible fixed assets | 92,681           | 86,470           |
| <b>Movements in working capital:</b>                 |                  |                  |
| Increase in stocks                                   | (437,062)        | (100,488)        |
| Decrease/(increase) in debtors                       | 2,283,196        | (826,657)        |
| (Decrease)/increase in creditors                     | (3,279,761)      | 931,899          |
| <b>Cash (absorbed by)/generated from operations</b>  | <b>(751,596)</b> | <b>1,211,044</b> |

### 20 Analysis of changes in net funds

|                          | 1 January<br>2020<br>£ | Cash flows<br>£ | 31 December<br>2020<br>£ |
|--------------------------|------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 3,015,984              | (1,170,862)     | 1,845,122                |

### 21 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:

|                            | 2020<br>£        | 2019<br>£        |
|----------------------------|------------------|------------------|
| Within one year            | 276,548          | 352,000          |
| Between one and five years | 748,394          | 926,000          |
| In over five years         | 50,000           | 200,000          |
|                            | <b>1,074,942</b> | <b>1,478,000</b> |



## MAREL GB LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 22 Related party transactions

##### Remuneration of key management personnel

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

|                        | 2020<br>£ | 2019<br>£ |
|------------------------|-----------|-----------|
| Aggregate compensation | 213,664   | 222,780   |

#### 23 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.