

HALTON FOODSERVICE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration No. 02099311 (England and Wales)

HALTON FOODSERVICE LIMITED

COMPANY INFORMATION

Director	G Gaspar
Secretary	D Saunders
Company number	02099311
Registered office	11 Laker Road Airport Industrial Estate Rochester Kent ME1 3QX
Auditor	Beaumont Seymour 47 Butt Road Colchester Essex CO3 3BZ
Business address	11 Laker Road Airport Industrial Estate Rochester Kent ME1 3QX

HALTON FOODSERVICE LIMITED

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HALTON FOODSERVICE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents the strategic report for the year ended 31 December 2021.

Fair review of the business

The company has made a successful passage through what was a testing year for British manufacturing, with Covid restrictions and the impact from Brexit to deliver strong, reassuring and better than expected results, positioning itself for an even stronger year ahead. Our continued ability to adapt and change to national and market conditions has enabled the business to build a firm base on which to develop further, invest more and create greater sustainability in our operations. We continue to expand our domestic operations investing in talented people to enhance our position in the marketplace. Our results continue to maintain our financial security with more than sufficient assets to cover our expansion, growth and trading activity. We are a strong contributor to the results of the international group and have the reassurance that it continues to view the UK marketplace as a key area of operations.

Principal risks and uncertainties

The company has procedures to manage the major risks faced. Where possible, the board takes action to eliminate, reduce or mitigate specific risks through the adoption of appropriate strategies, the main emphasis being placed on the continuation of trade at current levels, the maintenance of margins and the collection of receivables. This includes the use of business continuity plans and the monitoring of major contracts.

Financial risks

The company's operations expose it to a variety of financial risks, including credit exposure, liquidity and interest rates. The main risks arising from the company's trading operations can be analysed as follows:

Credit risk - The company's principal financial assets are stock, trade debtors and bank balances, which represent the company's maximum exposure to credit risk. Risk is managed through internal monitoring processes and the use of credit checking agencies.

Interest rate risk - The company has very limited exposure to interest rate risk as third party borrowings are not substantial.

Currency risk - The group faces currency exposure on trading transactions undertaken in foreign currencies. The company reviews the possibility of hedging a proportion of its transactional exposure by the use of forward foreign exchange contracts, the decision being influenced by the size and period of the estimated net exposure.

Key performance indicators

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

	2021	2020
	£	£
Turnover	11,238,979	11,337,547
Gross profit%	35.53%	33.68%
Net profit/(loss) before tax	447,306	497,578
Net profit%	3.98%	4.39%
Capital and reserves	3,859,191	5,098,922

By order of the board

D Saunders
Secretary

HALTON FOODSERVICE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be the design, manufacture, installation and maintenance of ventilation systems for the food service industry.

Results and dividends

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

The director does not recommend payment of an ordinary dividend.

Director

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

G Gaspar

Research and development

The company's competitiveness is based on highly specialised and innovative products and systems and continued development of relevant technology in conjunction with its partners, mainly within the Halton group.

Auditor

In accordance with the company's articles, a resolution proposing that Beaumont Seymour be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

D Saunders

Secretary

20 April 2022

HALTON FOODSERVICE LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

HALTON FOODSERVICE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HALTON FOODSERVICE LIMITED

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 director 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 director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

HALTON FOODSERVICE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HALTON FOODSERVICE LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

HALTON FOODSERVICE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) **TO THE MEMBERS OF HALTON FOODSERVICE LIMITED**

The objectives of our audit in respect of fraud, are; to identify and assess the risks 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 to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework (Companies Act 2006, UK GAAP) and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements
- represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

HALTON FOODSERVICE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HALTON FOODSERVICE LIMITED

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

Use of our report

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

Mr Andrew John Griggs (Senior Statutory Auditor)
For and on behalf of Beaumont Seymour

20 April 2022

Chartered Certified Accountants
Statutory Auditor

47 Butt Road
Colchester
Essex
CO3 3BZ

HALTON FOODSERVICE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	11,238,979	11,337,547
Cost of sales		(7,245,653)	(7,519,315)
Gross profit		<u>3,993,326</u>	<u>3,818,232</u>
Administrative expenses		(3,727,375)	(3,817,924)
Other operating income		180,094	493,000
Operating profit	4	<u>446,045</u>	<u>493,308</u>
Interest receivable and similar income	7	1,261	4,270
Profit before taxation		<u>447,306</u>	<u>497,578</u>
Tax on profit	8	(87,037)	20,071
Profit for the financial year		<u><u>360,269</u></u>	<u><u>517,649</u></u>

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

HALTON FOODSERVICE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		519,102		621,012
Current assets					
Stocks	11	888,637		774,535	
Debtors	12	2,548,141		2,347,909	
Cash at bank and in hand		3,595,132		3,852,855	
		7,031,910		6,975,299	
Creditors: amounts falling due within one year	13	(3,658,910)		(2,457,559)	
Net current assets			3,373,000		4,517,740
Total assets less current liabilities			3,892,102		5,138,752
Provisions for liabilities					
Deferred tax liability	14	32,911		39,830	
			(32,911)		(39,830)
Net assets			3,859,191		5,098,922
Capital and reserves					
Called up share capital	16	2,899,000		2,899,000	
Capital redemption reserve	17	21,000		21,000	
Profit and loss reserves	18	939,191		2,178,922	
Total equity			3,859,191		5,098,922

The financial statements were approved and signed by the director and authorised for issue on 20 April 2022

G Gaspar

Director

Company Registration No. 02099311

HALTON FOODSERVICE LIMITED

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

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020		2,899,000	21,000	1,661,273	4,581,273
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	517,649	517,649
Balance at 31 December 2020		2,899,000	21,000	2,178,922	5,098,922
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	360,269	360,269
Dividends	9	-	-	(1,600,000)	(1,600,000)
Balance at 31 December 2021		2,899,000	21,000	939,191	3,859,191

HALTON FOODSERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Halton Foodservice Limited is a limited company domiciled and incorporated in England and Wales. The registered office is 11 Laker Road, Airport Industrial Estate, Rochester, Kent, ME1 3QX.

The principal activity of the company continued to be the design, manufacture, installation and maintenance of ventilation systems for the food service industry.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the reduced disclosures available for subsidiaries (FRS 102 Reduced Disclosure Framework).

The company is a wholly owned subsidiary of Halton Oy, a company incorporated in Finland. The ultimate parent company is Oy Halton Group Limited, a company incorporated in Finland.

Oy Halton Group Limited controls the voting rights of Halton Foodservice Limited and prepares group accounts which incorporate the financial statements of Halton Foodservice Limited, and which are publicly available from the Finnish Patents and Registration Office (PRH), Arkadiankatu 6 A, P.O.Box 1140, FI-00101 Helsinki, Finland.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

HALTON FOODSERVICE LIMITED

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

1 Accounting policies

(Continued)

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

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

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

Leasehold land and buildings	Straight line over the life of the lease
Plant and machinery	10% - 20% straight line
Fixtures, fittings & equipment	20% - 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 profit or loss.

1.6 Impairment of fixed assets

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

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

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

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

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

HALTON FOODSERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

HALTON FOODSERVICE LIMITED

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

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the 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.

HALTON FOODSERVICE LIMITED

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

1 Accounting policies

(Continued)

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.15 Leases

HALTON FOODSERVICE LIMITED

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

1 Accounting policies

(Continued)

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 leases asset are consumed.

1.16 Government grants

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

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

1.17 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

3 Turnover and other revenue

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

	2021	2020
	£	£
Turnover analysed by class of business		
Manufacturing	4,477,787	4,734,344
Contracting	1,874,391	2,877,649
Service & maintenance	3,235,737	2,812,991
Spares	1,254,246	804,357
Bought-in	396,818	108,206
	<u>11,238,979</u>	<u>11,337,547</u>

HALTON FOODSERVICE LIMITED

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

3	Turnover and other revenue	(Continued)	
		2021 £	2020 £
	Turnover analysed by geographical market		
	United Kingdom	7,898,517	8,030,042
	Europe	1,955,339	2,138,530
	Middle East	671,330	654,087
	Americas (North & South)	5,607	24,556
	Asia	708,186	484,500
	Africa	-	5,832
		<u>11,238,979</u>	<u>11,337,547</u>
		2021 £	2020 £
	Other significant revenue		
	Interest income	1,261	4,270
	Grants received	<u>180,094</u>	<u>493,000</u>
4	Operating profit	2021 £	2020 £
	Operating profit for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(652)	23,182
	Research and development costs	2,000	284
	Government grants	(180,094)	(493,000)
	Depreciation of owned tangible fixed assets	101,910	101,769
	Operating lease charges	<u>257,933</u>	<u>279,561</u>
5	Auditor's remuneration	2021 £	2020 £
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	<u>9,641</u>	<u>8,990</u>
	For other services		
	Taxation compliance services	<u>785</u>	<u>750</u>

HALTON FOODSERVICE LIMITED

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

6 Employees

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

	2021 Number	2020 Number
Administration, production and marketing	84	92

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,134,266	3,307,367
Social security costs	346,571	373,271
Pension costs	155,045	168,225
	3,635,882	3,848,863

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	1,261	3,791
Other interest income	-	479
Total income	1,261	4,270

8 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	93,956	56,266
Adjustments in respect of prior periods	-	(77,979)
Total current tax	93,956	(21,713)
Deferred tax		
Origination and reversal of timing differences	(6,919)	1,642
Total tax charge/(credit)	87,037	(20,071)

HALTON FOODSERVICE LIMITED

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

8 Taxation

(Continued)

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

	2021 £	2020 £
Profit before taxation	447,306	497,578
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	84,988	94,540
Tax effect of expenses that are not deductible in determining taxable profit	1,036	1,204
Adjustments in respect of prior years	-	(77,979)
Group relief	-	(38,780)
Depreciation on assets not qualifying for tax allowances	1,013	944
Taxation charge/(credit) for the year	87,037	(20,071)

9 Dividends

	2021 £	2020 £
Interim paid	1,600,000	-

10 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2021 and 31 December 2021	639,583	1,058,743	276,099	1,974,425
Depreciation and impairment				
At 1 January 2021	575,236	516,060	262,117	1,353,413
Depreciation charged in the year	5,332	85,095	11,483	101,910
At 31 December 2021	580,568	601,155	273,600	1,455,323
Carrying amount				
At 31 December 2021	59,015	457,588	2,499	519,102
At 31 December 2020	64,347	542,683	13,982	621,012

HALTON FOODSERVICE LIMITED

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

11 Stocks

	2021 £	2020 £
Raw materials and consumables	747,694	707,866
Work in progress	62,000	10,000
Finished goods and goods for resale	78,943	56,669
	<u>888,637</u>	<u>774,535</u>

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,530,138	1,333,463
Amounts owed by group undertakings	813,441	849,481
Other debtors	20,518	4,872
Prepayments and accrued income	184,044	160,093
	<u>2,548,141</u>	<u>2,347,909</u>

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	969,416	888,447
Amounts owed to group undertakings	1,813,906	431,737
Corporation tax	93,956	56,266
Other taxation and social security	99,769	364,595
Other creditors	87,657	87,291
Accruals and deferred income	594,206	629,223
	<u>3,658,910</u>	<u>2,457,559</u>

14 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:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
ACAs	<u>32,911</u>	<u>39,830</u>

HALTON FOODSERVICE LIMITED

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

14	Deferred taxation	(Continued)	
		2021	
	Movements in the year:	£	
	Liability at 1 January 2021	39,830	
	Credit to profit or loss	(6,919)	
	Liability at 31 December 2021	<u>32,911</u>	
15	Retirement benefit schemes	2021	2020
	Defined contribution schemes	£	£
	Charge to profit or loss in respect of defined contribution schemes	<u>155,045</u>	<u>168,225</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.			
16	Share capital	2021	2020
		Number	Number
	Ordinary share capital		
	Issued and fully paid		
	Ordinary shares of £1 each	<u>2,899,000</u>	<u>2,899,000</u>
17	Capital redemption reserve	2021	2020
		£	£
	At the beginning and end of the year	<u>21,000</u>	<u>21,000</u>
18	Profit and loss reserves	2021	2020
		£	£
	At the beginning of the year	2,178,922	1,661,273
	Profit for the year	360,269	517,649
	Dividends declared and paid in the year	(1,600,000)	-
	At the end of the year	<u>939,191</u>	<u>2,178,922</u>

HALTON FOODSERVICE LIMITED

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

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:

	2021 £	2020 £
Within one year	61,642	36,864
Between two and five years	50,913	134,329
In over five years	962,500	1,137,500
	<u>1,075,055</u>	<u>1,308,693</u>

20 Ultimate controlling party

The company is a wholly owned subsidiary of Halton Oy, a company incorporated in Finland. The ultimate parent company is Oy Halton Group Limited, a company incorporated in Finland.

Oy Halton Group Limited controls the voting rights of Halton Foodservice Limited and prepares group accounts which incorporate the financial statements of Halton Foodservice Limited, and which are publicly available from the Finnish Patents and Registration Office (PRH), Arkadiankatu 6 A, P.O.Box 1140, FI-00101 Helsinki, Finland.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.