BAKER PERKINS
Annual Report
1963

BAKER PERKINS HOLDINGS LIMITED

Sixty-third Annual Report and Accounts

BAKER PERKINS HOLDINGS LIMITED

BAKER PERKINS HOLDINGS LIMITED

TO ORDINARY STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the sixty-third annual general meeting will be held in the Cambria Room, Connaught Rooms, Great Queen Street, London, W.C.2. on the 30th June 1964, at 2.30 p.m. for the following purposes:—

1. To receive and, if approved, to adopt the directors' report and the accounts of the company for the year ended 31st December 1963.

2. To declare a dividend.

3. To elect directors.

4. To transact any other business of an annual general meeting.

A stockholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a stockholder.

By order of the board of directors,
J. S. HARDY,
Secretary.

Registered office,
Westwood Works,
Peterborough.
5th June 1964.

Dividend and Interest Payments

Subject to the approval of the stockholders at the meeting, the warrants for the dividend on the ordinary stock will be posted on the 30th June 1964 to stockholders whose names appear on the register on the 16th June 1964.

Dividend and interest payments in 1964 are scheduled for the following dates :—

5¾% Debenture stock	30th May and 30th November
6½% Debenture stock	30th May and 30th November
7% Preference stock	30th March and 30th September
Ordinary stock	30th June and 30th November (final 1963) (interim 1964)

BAKER PERKINS HOLDINGS LIMITED

Directors	* A. I. BAKER C.B.E., J.P., M.A., M.I.Mech.E., M.I.Prod.E. Chairman
	* J. F. M. BRAITHWAITE M.A. Vice Chairman
	C. N. BROWN
	W. A. B. BROWN M.A., A.M.I.Mech.E.
	J. S. CAROLIN M.B.E., F.C.A.
	* H. CROWTHER J.P., A.M.I.Mech.E.
	T. E. M. DOUGLAS B.A., A.M.I.Mech.E., A.M.Inst.R.
	S. C. HARGREAVES M.A., A.M.I.Mech.E.
	P. B. HARLEY B.Com.
	N. MOUNTAIN
	J. M. PEAKE M.A., A.M.I. Mech.E.
	* W. S. B. SAMPSON F.C.A., A.C.I.S.
	L. P. SIMPSON B.Sc. (Tech.), M.I.Prod.E.
	* R. H. WILKINS O.B.E., F.C.I.S.

*Members of Group Management

Secretary	J. S. HARDY M.A., F.C.I.S.
Auditors	PRICE WATERHOUSE & CO.
Bankers	LLOYDS BANK LIMITED
	MORGAN GRENFELL & CO., LIMITED
Solicitors	CLIFFORD-TURNER & CO.

Head office and registered transfer office
WESTWOOD WORKS, PETERBOROUGH

London office 13, STANHOPE GATE, PARK LANE, LONDON W.1

CHAIRMAN'S REVIEW

In my review and my statement to the annual general meeting last year, I mentioned that I found it extremely difficult to forecast with any accuracy the results of the group's operations during 1963, despite the encouraging results expected from the United States company, Baker Perkins Inc. During the course of the year it appeared increasingly certain that the rate of order-taking in our sector of the capital goods industry was not showing the signs of an upsurge in activity that other industries were experiencing. The directors therefore deemed it prudent in October to halve the interim dividend payment to 1¼% and to issue a caution about the year's results.

As soon as it became apparent that the results for the year were likely to exceed expectations and that the forecast for the current year showed an increased level of activity, the board issued a statement on 6th March 1964. The final figures for 1963 now reveal that the operating result for the year before taxation was better than had been expected, but the United Kingdom companies as a whole made a loss. However, this was more than offset finally by the increased profits of the overseas companies, particularly by the excellent results of the North American company and by the increased amount of profit made by the European limited partnership in which the company has an interest.

I am pleased to report that in the last quarter of 1963 the rate of order-taking increased considerably in most of the United Kingdom companies and that so far this higher level of order-taking has continued into 1964. The forecast of activity and profit for these companies for the current year shows a considerable improvement on last year's results. At the beginning of 1964 unexecuted orders were 20% higher in the United Kingdom companies and 50% higher in the overseas companies than at the beginning of 1963.

Having particular regard to the improved prospects for 1964, the board feels justified in recommending a final dividend of 10%, to make a total distribution of 11¼%, thus making good the reduction in the interim payment last October, although the dividend will only be three-quarters covered by last year's profits.

Accounts

In my remarks to the stockholders at the annual general meeting last year and again in the statement circulated on the 6th March 1964, I said that the annual report and accounts would be published later than usual this year. Although unavoidable, this is regrettable at a time when stockholders have been warned that the results for last year were poor. The delay is due entirely to the fact that audited accounts of the European limited partnership were not available at the usual time owing to the statutory quinquennial tax audit which the partnership had to undergo this year.

The consolidated profit and loss account shows that the profit for 1963 before taxation amounted to £815,526 compared with £844,351 in 1962.

Taxation amounted to £499,944 which is 61·3% of the profit. This unusually high rate is due to the fact that the overseas group of companies made substantial profits which had to bear tax at the appropriate rates in force in those countries, whereas the United Kingdom group of companies made a net tax loss which could not be fully recovered during the year by means of subventions.

To cover taxation on the excess of Inland Revenue capital allowances on fixed assets over the book depreciation, the company has adopted the practice of setting up a provision for taxation deferred by capital allowances, amounting to £311,814 at 31st December 1963. Note 4 to the accounts explains that this provision was created in the United Kingdom by the transfer of £283,000 from undistributed profits of prior years. I might add that Baker Perkins Inc. was required to set up a provision for deferred taxation at 31st December 1962 of £36,428 under generally accepted accounting principles in the United States and this amount was included in last year's balance sheet under the heading Future Taxation.

The profit for the year after taxation and after deduction of the profit attributable to minority interests amounted to £226,159 which shows a decrease of £274,859 over the 1962 figure of £501,018. This is, however, better than the marginal result that we expected at one time.

The non-trading loss on disposal of investments in associated companies of £54,820 was referred to in the statement made to the stockholders on 1st October 1963. The disposal of our interest in Baker Perkins Molins do Brasil S.A., resulted in a loss of £194,963. This has been offset to some extent by the capital profit of £140,143 arising from the sale of the investment in A. Savy Jeanjean et Cie. of France, when that company was taken over by a large French investment company.

In 1949 the company adopted a policy of setting up a reserve for the increased cost of the replacement of fixed assets. Since that time part of the profits transferred to this reserve have been capitalised in the scrip issues in 1955 and 1960. The balance remaining on this reserve of £812,003 does not now have any real significance and it appears that this practice has not been generally accepted by the accountancy profession. In fact our American company eliminated this reserve from its accounts in 1960 to conform to generally acceptable accounting principles in the United States. It appears that this need seems generally to have been met by the retention in the business over the years of a substantial part of the profit and the directors feel that it is better for the company to fall in line with current practice. Consequently, the balance on the fixed asset replacement reserve has been re-transferred to the profit and loss account and included in the total of undistributed profit carried forward at 31st December 1963 of £4,200,357.

Overseas Companies

I shall deal with these first as this was the most successful year in their history for the group's overseas investments as a whole.

Baker Perkins Inc., U.S.A., in which the holding company has a shareholding of 61%, exceeded the good results it had forecast notwithstanding the consolidation in its accounts of a loss by Canadian Baker Perkins Limited. Invoicing in the last quarter was larger than expected, resulting in larger earnings than originally forecast and considerably more than could have been reasonably foreseen until quite late in the year.

It gives me great pleasure to report such a satisfactory return on our investment in North America after two disappointing years. It resulted both from an increase in turnover and from the measures of rationalisation that have been taken by the local management to operate efficiently when the factory is working below its full capacity. I am happy to say also that the forecast for 1964 from the North American companies is again good.

Towards the end of 1963 Mr. Grant Robertson, who had been president of Canadian Baker Perkins Limited for five years, retired through ill health and I regret to report that he died in May this year. Mr. R. H. Williams, who comes from outside the company and brings great experience with him, was elected president and a director on Mr. Robertson's retirement.

Our other subsidiaries in Australia, South Africa and Germany all increased their sales and made a satisfactory return on the capital employed. The Australian company in particular has scored some notable successes in introducing an increasing range of new designs of bread ovens and machinery adapted to local conditions. The German company, which imports mainly wrapping and packaging machinery from the United Kingdom factories, continues to advance in the face of fierce competition within the European Common Market.

United Kingdom Companies

1963 was the most difficult and disappointing trading year since the war for the largest operating subsidiary, Baker Perkins Limited. The value of orders on hand at the beginning of the year was low and the rate of order-taking for the traditional lines of bakery, biscuit and chocolate and confectionery machinery did not show any improvement until the last quarter of the year. Consequently this resulted in a reduced volume of output which could not be increased by the late improvement in order-taking.

Every effort was made by the management to reduce overheads, but in a business such as this it would be manifestly wrong in the face of a temporary recession to cut drastically the resources of selling, design, development and technical personnel and know-how that have been so carefully assembled and trained over the years. Economies were made, but it was considered essential not to deplete unduly the manpower which would be required when the situation improved, as it now has. Nevertheless, the decision had to be taken in September to reduce the capacity of the Hebburn-on-Tyne factory and to declare some 300 employees redundant. This decision was taken most reluctantly in view of the employment situation on Tyneside and only after every effort had been unsuccessfully made to obtain work for that factory. The longest possible notice was given to the employees, who all benefited from the company's generous redundancy scheme, and I am pleased to say that the company was able to find alternative jobs with other companies for all but a very few of those affected.

Baker Perkins Limited entered 1964 with a higher figure of unexecuted orders than at the same time last year. This, together with the continuing good rate of order-taking and the prospects for the rest of the year, leads the management of that company to forecast a reasonable profit for the year.

The companies specialising in wrapping and packaging machinery have always exported a larger proportion of their output than the rest of our United Kingdom companies, and, for this reason, were affected to a lesser degree by the difficult conditions experienced by the latter. Their results were comparable with the previous year. The companies specialising in laundry equipment and conveyors showed reasonably satisfactory results. James Halley & Sons Limited profits were depleted by the development and initial marketing expenses of the Halley-Aller web-fed offset litho printing press for magazine and newspaper work. This equipment, built under licence from Aller Press A/S of Copenhagen, shows very great promise and possibly the greatest growth potential of any side of the group's business, judged by the important orders already received. The first machine has recently been started up and is running regularly on commercial work.

Exports

Baker Perkins (Exports) Limited again had a successful year, although turnover was a little lower than in 1962. This was largely due to order-taking being lower than forecast in the first half of the year. Over 50% of the total invoicing of this company was in unit wrapping machines. Order-taking improved later in the year and the early trend of 1964 shows continued recovery in large automatic equipment as well as good prospects again for packaging machinery.

26·4% of the total sales from the United Kingdom group went overseas. This is slightly less than in 1962, but when the amount of machinery manufactured and sold by our overseas companies is added to this, £12,500,000 or 53% of group sales was in overseas countries, compared with 47% in 1962.

Exports from the United Kingdom factories are expected to reach a higher figure in 1964 and the directors aim further to increase and consolidate our overseas trade in future as a primary way of expanding our business.

Directors, Management and Staff

Having referred in my verbal statement at the last annual general meeting to the death last year of Mr. J. E. Pointon, a former director and member of the board of management, it is with regret that I now record the death after a long illness of Mr. G. R. Baker, a former director who retired from the board in December 1953. A brilliant engineer, he was instrumental in building up the company's reputation for technical innovations in the chocolate, confectionery and biscuit machinery fields between the wars, and he rose to be a member of the board of management.

During 1963 two members of the board retired. Mr. C. Dumbleton had been a director for 24 years and was a member of the board of management from 1944 until his retirement from active management in 1956. During his 44 years in the drawing office of Baker Perkins Limited he was responsible for many important technical developments, including the "Uniflow" oven which represented a major step forward in pre-war baking techniques. He showed a rare combination of great technical skill and real commercial flair and was respected by customers and employees alike for his knowledge, kindness and sense of humour.

Mr. G. D. Wilson also retired in 1963 on reaching the age limit after 43 years of service. He had been a director for 13 years and was latterly responsible for all experimental and research work, having been engaged on this type of work throughout most of his career. I am pleased to say that his experience remains at the disposal of two members of the group, as he is continuing in a part-time capacity as chairman of Baker Perkins Developments Limited and a director of Baker Perkins Chemical Machinery Limited.

Earlier this year the directors invited Mr. P. B. Harley, president of Baker Perkins Inc., to accept a seat on the board of the holding company. This appointment now comes before the annual general meeting for approval. His knowledge and experience of conditions in the important North American market are highly valuable to the board and will increase the already close ties between the companies on both sides of the Atlantic.

In such difficult trading conditions as we have recently experienced, the loyalty and endeavours of employees at all levels have ensured that the group has been able to overcome many adversities and disappointments and to build a position of strength from which to meet the future. I am sure that the stockholders will join the directors in expressing their appreciation to the employees.

The company has long been an advocate of the principle of partnership between stockholders, management and employees in a common enterprise. It has sought to recognise this by providing employees with good conditions of employment and by enabling them to share to some extent in the prosperity of the company in good years. In 1947 the parent company introduced a profit-sharing scheme which applied to employees of Baker Perkins Limited based on the Peterborough and Hebburn-on-Tyne factories. In 1958 the scheme was modified to allow settlement of entitlements by the issue of ordinary stock. Several subsidiaries also had limited schemes which applied to certain employees. Due to the group reorganisation, the existing scheme for Peterborough and Hebburn-on-Tyne needed revision and it seemed inequitable that employees in some of the other subsidiaries should be excluded. The directors have therefore decided that the various schemes should be consolidated into one group scheme in which all employees in the United Kingdom with certain service qualifications should participate. Payments will be at the discretion of the directors but will be based on the profits of the United Kingdom group as a whole. They will only be made when the dividend has been adequately covered and when, in the opinion of the directors, a proper amount has been retained for the future development of the group. The new scheme will be more flexible than the old and the directors retain their powers to amend it at any time in order to deal with changing conditions. Employees' entitlements will be settled by the issue of ordinary stock in the holding company at market price, thus conserving cash, and it is intended that the scheme should result in comparatively small allotments of stock. The directors are sure that the issue of this stock will continue to prove beneficial both to employees and stockholders by giving employees a sense of partnership and encouraging their active interest in the profitability and future growth of the group.

The Future

The economies of this country and the world generally appear reasonably buoyant and there seem good prospects of their continuing this way during the remainder of the current year. However, the General Election in the autumn may have some effect which cannot be foreseen at the present time. Profit margins in the engineering industry may be further squeezed by another wage increase and by the possible introduction of a shorter working week.

In conclusion, looking at the position of the group as a whole and bearing in mind conditions in the engineering industry, present indications are that prospects for 1964 are better than for some years.

A. I. BAKER,
Chairman

REPORT OF THE DIRECTORS

The Directors submit their report and the audited statement of accounts for the year ended 31st December 1963. The consolidated results of the group are shown in the group profit and loss account and are summarised below:—

	1963 £	1962 £
Profit before taxation	815,526	844,351
Profit after taxation	315,582	496,901
Group profit of the year attributable to members of Baker Perkins Holdings Limited	226,159	501,018
Undistributed profit brought forward and adjustments ..	4,269,695	3,705,928
Total undistributed profit before dividends	4,495,854	4,206,946
Dividends less income tax:—		
Preference stock — 7%	18,008	18,008
Ordinary stock — 11¼%		
Interim, 3d. (6d) per £1 stock	30,835	61,538
Final recommended 2/- (1/9d) per £1 stock	246,654	215,383
Undistributed profit carried forward	4,200,357	3,912,017

THE COMPANY AND ITS SUBSIDIARIES

The annexed accounts reflect for the first time the reorganisation of the company on 1st January 1963 and the transfer of certain assets between Baker Perkins Holdings Limited and the United Kingdom subsidiaries.

During the year under review, the company disposed of its 50% interest in Baker Perkins Molins do Brasil S.A. and also sold its 20% shareholding in A. Savy Jeanjean et Cie., France, when that company was purchased by another concern. The net result of these two transactions was a capital loss of £54,820.

DIRECTORS

The directors, acting under article 85 of the company's articles of association, appointed P. B. Harley as a director, and his name comes before the general meeting for re-election.

The directors retiring by rotation are: A. I. Baker, N. Mountain, J. M. Peake and L. P. Simpson, who, being eligible, offer themselves for re-election.

AUDITORS

Price Waterhouse & Co. have signified their consent to continue in office.

By order of the board,
J. S. HARDY,
Secretary.

25th May 1964

BAKER PERKINS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Profit and Loss Account for the year ended 31st December, 1963

	1963 £	1963 £	1962 £
Trading Profit (Note 1)		850,261	913,216
Income from associated undertakings (Note 2)		345,232	306,114
		1,195,493	1,219,330
Bank and loan interest (Note 3)		379,967	374,979
Profit before taxation		815,526	844,351
Taxation (Note 4)		499,944	347,450
Profit after taxation		315,582	496,901
Profit (loss) attributable to minority interests in subsidiaries		89,423	(4,117)
Group profit of the year attributable to members of Baker Perkins Holdings Limited (Note 5)		226,159	501,018
Undistributed profit brought forward	3,912,017		3,816,042
Transfer from fixed asset replacement reserve (Note 9)	812,003		—
	4,724,020		
United Kingdom taxation deferred by capital allowances at 31st December 1962 (Note 4)	283,000		—
		4,441,020	3,816,042
		4,667,179	4,317,060
Loss on disposal of investments in associated companies	54,820		—
Transfer to capital reserve (Note 9)	116,505		110,114
		171,325	110,114
		4,495,854	4,206,946
Dividends less income tax on:—			
7% preference stock	18,008		18,008
Ordinary stock:—			
Interim, 3d.(6d) per £1 stock	30,835		61,538
Final recommended, 2/-(1/9d) per £1 stock	246,654		215,383
		295, 497	294,929
Undistributed profit carried forward:—			
Baker Perkins Holdings Limited	1,553,449		1,141,891
Subsidiaries	2,646,908		2,770,126
		£4,200,357	£3,912,017

See notes to the accounts

BAKER PERKINS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheet 31st December 1963

	£	1963 £	£	1962 £
Fixed Assets				
Land, buildings, plant and machinery (Note 7)		5,481,545		5,371,377
Investments in associated undertakings (Note 2)		644,189		728,867
			6,125,734	6,100,244
Current Assets				
Stock and work in progress (Note 8)		8,294,463		8,321,054
Debtors		8,718,762		8,719,659
Cash		462,474		611,794
		17,475,699		17,652,507
***Less:* Current Liabilities**				
Bank advances (Note 8)	3,392,466			3,775,252
Creditors	3,521,949			3,335,972
Progress payments	830,969			592,538
Current taxation	340,204			457,625
Recommended final ordinary dividend	246,654			215,383
		8,332,242		8,376,770
			9,143,457	9,275,737
			£15,269,191	£15,375,981
Financed as follows:				
Capital and Reserves				
Issued ordinary capital of Baker Perkins Holdings Limited		4,026,996		4,018,809
Reserves: Capital (Note 9)		1,429,759		2,111,593
Revenue — undistributed profit		4,200,357		3,912,017
Ordinary stockholders' interest ..			9,657,112	10,042,419
Issued preference capital of Baker Perkins Holdings Limited			420,000	420,000
			10,077,112	10,462,419
Minority Interests in Subsidiaries ..			1,690,665	1,635,292
Future Taxation				
Income Tax 1964/65		189,600		241,842
Taxation deferred by capital allowances		311,814		36,428
			501,414	278,270
Debenture Stock (Note 10)			3,000,000	3,000,000
			£15,269,191	£15,375,981

See notes to the accounts

BAKER PERKINS HOLDINGS LIMITED

Balance Sheet 31st December 1963

	£	1963 £	£	1962 £ *see Note 6*
Fixed Assets				
Land, buildings, plant and machinery (Note 7)		1,328,925		1,984,891
Investments in associated undertakings (Note 2)		459,362		543,369
			1,788,287	2,528,260
Subsidiaries				
Shares at cost		7,284,213		4,084,575
Amounts receivable		3,824,546		2,108,127
		11,108,759		6,192,702
Amounts payable		425,708		387,391
			10,683,051	5,805,311
Current Assets (Note 8)			153,390	5,514,195
			12,624,728	13,847,766
***Less:* Current Liabilities**				
Bank advances		1,918,838		1,967,436
Creditors and progress payments ..		333,153		1,610,979
Recommended final ordinary dividend		246,654		215,383
			2,498,645	3,793,798
			£10,126,083	£10,053,968

Financed as follows:

	Authorised in shares of £1 each	Issued and converted into stock		
Capital and Reserves				
Capital: 7% cumulative preference ..	420,000	420,000		420,000
Ordinary	6,000,000	4,026,996		4,018,809
	£6,420,000		4,446,996	4,438,809
Reserves: Capital (Note 9)		1,043,138		1,435,268
Revenue—undistributed profit		1,553,449		1,141,891
			2,596,587	2,577,159
			7,043,583	7,015,968
Future Taxation				
Income Tax 1964/65		—		38,000
Taxation deferred by capital allowances		82,500		—
			82,500	38,000
Debenture Stock (Note 10)			3,000,000	3,000,000
A. I. BAKER J. F. M. BRAITHWAITE } *Directors*			£10,126,083	£10,053,968

See notes to the accounts

NOTES TO THE ACCOUNTS

1 TRADING PROFIT

	1963	1962
This is after deducting:	£	£
Depreciation	516,640	492,682
Directors' emoluments: Fees	—	3,250
Management services	99,990	92,699
Pensions to past directors or their dependants	7,949	10,426
Audit fees and expenses	16,817	16,426

2 ASSOCIATED UNDERTAKINGS

(a) Income

	1963	1962
	£	£
European limited partnership—		
Profit for year before taxation attributable to the company's minority investment	327,311	287,428
Associated companies—		
Dividends received	17,921	18,686
	£345,232	£306,114

(b) Investments

	Company		Group	
	1963	1962	1963	1962
	£	£	£	£
European limited partnership:				
Minority investment, at cost	205,215	205,215	205,215	205,215
Net unremitted profit from 1st January 1962	226,619	110,114	226,619	110,114
	431,834	315,329	431,834	315,329

The capital and unremitted profit attributable to this investment at 31st December 1963 amounted to approximately £1,070,000 (£935,000). Prior to 1st January 1962, income was taken into profit only to the extent of remittances received.

	Company		Group	
	1963	1962	1963	1962
Associated companies:				
Shares at cost	27,528	171,815	212,355	357,313
Advance	—	56,225	—	56,225
	£459,362	£543,369	£644,189	£728,867

3 BANK AND LOAN INTEREST

	1963	1962
	£	£
Debenture stocks	183,750	183,750
Bank and other loans	196,217	191,229
	£379,967	£374,979

4 TAXATION

	1963	1962
	£	£
Based on the profit for the year —		
United Kingdom (after relief of £27,000 (£46,000) for investment allowances).		
Income tax	12,874	204,578
Profits tax	—	79,439
Overseas (including £135,398 (£106,623) on unremitted profit of European limited partnership)	494,374	136,335
	507,248	420,352
Less Adjustments in respect of previous years	7,304	72,902
	£499,944	£347,450

United Kingdom taxation deferred by capital allowances at 31st December 1962, amounting to £283,000, was set aside from undistributed profit on 1st January 1963; the charge for United Kingdom taxation for 1963 has been reduced by a release of £41,900 from the amount thus set aside.

5 PROFIT OF THE COMPANY

Profit dealt with in the accounts of Baker Perkins Holdings Limited amounts to £178,255 (£408,277) in respect of the year together with £337,005 (£ nil) received from subsidiaries out of previous years' profits.

6 BALANCE SHEET OF THE COMPANY

Changes in the assets and liabilities of the company arise mainly from the transfer on the 1st January 1963 of the engineering operations to two newly-formed subsidiaries, Baker Perkins Limited and Baker Perkins Chemical Machinery Limited, referred to in the Chairman's review in the 1962 annual report.

NOTES TO THE ACCOUNTS—*continued*

7 LAND, BUILDINGS, PLANT AND MACHINERY

Group	1963 Cost £	1963 Depreciation £	1962 Cost £	1962 Depreciation £
Freehold and leasehold land and buildings	3,105,312	817,862	3,052,099	757,175
Plant, machinery and equipment	6,630,810	3,618,244	6,220,417	3,346,678
Motor vehicles	423,629	242,100	431,259	228,545
	£10,159,751	£4,678,206	£9,703,775	£4,332,398
	£5,481,545		£5,371,377	

Company	1963 Cost £	1963 Depreciation £	1962 Cost £	1962 Depreciation £
Freehold and leasehold land and buildings	1,756,090	430,476	1,142,430	280,675
Plant, machinery and equipment	—	—	2,262,554	1,222,578
Motor vehicles	11,755	8,444	168,071	84,911
	£1,767,845	£438,920	£3,573,055	£1,588,164
	£1,328,925		£1,984,891	

Commitments for capital expenditure are estimated for the group at £232,000 (£228,000) and for the company at £8,000 (£107,000).

8 CURRENT ASSETS AND CURRENT LIABILITIES

Stock and work in progress is included in the accounts at the lower of cost and net realisable value.
Bank advances include secured advances to overseas subsidiaries of £318,420 (£395,358).
Details of the current assets of Baker Perkins Holdings Limited are as follows:

	1963 £	1962 £
Stock and work in progress	—	2,869,917
Debtors..	5,187	2,619,856
Taxation recoverable	148,203	—
Cash	—	24,422
	£153,390	£5,514,195

9 CAPITAL RESERVES

	Company				Group
	Share premium account	Fixed asset replacement reserve	Other	Total	Total
	£	£	£	£	£
Balances at 31st December 1962	808,434	516,720	110,114	1,435,268	2,111,593
Transfer to profit and loss account		(516,720)		(516,720)	(812,003)
Transfer from profit and loss account being net unremitted profit for 1963 attributable to minority investment in European limited partnership			116,505	116,505	116,505
Premium on issue of 8,187 ordinary shares ..	8,085			8,085	8,085
Adjustments arising on consolidation ..					5,579
Balances at 31st December 1963	£816,519	—	£226,619	£1,043,138	£1,429,759

10 DEBENTURE STOCK

The debenture stock is secured by a first floating charge on the assets of the company and consists of £1,500,000 5¾ per cent stock dated 1979/84 and £1,500,000 6½ per cent stock dated 1981/86. On the 30th November 1964 and annually thereafter the company must redeem at par £30,000 of the 1979/84 stock to be selected by drawings and must redeem a further £30,000 of the 1981/86 stock from the 30th November 1966, unless already purchased in the open market at a price not exceeding £105 per cent.

11 CONTINGENT LIABILITIES

There were contingent liabilities in subsidiaries of £215,000 (£191,000) in respect of trade bills discounted. The company had guaranteed bank overdrafts of subsidiaries amounting to £675,939 (£843,278).

12 RATES OF EXCHANGE

Overseas fixed assets and depreciation thereon have been expressed in sterling at the exchange rates ruling at the dates of acquisition. Other overseas assets and liabilities have been expressed at the rates ruling at the 31st December 1963.

13 SUBSIDIARIES' ACCOUNTING DATES

For convenience of management the annual accounts of two overseas subsidiaries are made up to the 30th September and one other to the 30th November. The differences between inter-company balances amounting to £50,120 (£105,475) have been included in debtors.

REPORT OF THE AUDITORS

TO THE MEMBERS OF BAKER PERKINS HOLDINGS LIMITED

In our opinion the foregoing accounts and notes give, so far as concerns members of the company, a true and fair view of the state of affairs as at 31st December 1963 and the profit for the year ended on that date of the company and of the group consisting of the company and its subsidiaries.

The accounts of the European limited partnership referred to in note 2 have been audited by a European firm.

We have obtained all the information and explanations which we considered necessary. In our opinion the company has kept proper books and the balance sheet of the company, which is in agreement with them and with the said information and explanations, gives with the group accounts and notes in the prescribed manner the information required by the Companies Act, 1948.

PRICE WATERHOUSE & CO.
Chartered Accountants.

3 Frederick's Place,
Old Jewry,
London, E.C.2.
25th May, 1964.

BAKER PERKINS HOLDINGS LIMITED AND SUBSIDIARIES

Financial Statistics for Past Ten Years

(Amounts are expressed in thousands of pounds)

	1954	1955	1956	19
OPERATIONS				
Sales	12,900	12,380	14,370	13,7
Depreciation and replacement reserve	398	440	453	4
Profit before taxation	1,066	441	1,125	1,0
Taxation	617	263	627	6
Group profit of the year attributable to members of Baker Perkins Holdings Limited ..	407	236	415	4
FINANCIAL POSITION				
Fixed assets less depreciation ..	2,094	2,651	3,172	3,11
Current assets less current liabilities	4,192	3,963	3,922	4,47
Debenture stock	—	—	—	—
Future taxation	446	360	302	31
Minority interests in subsidiaries	850	831	904	97
Preference stock	420	420	420	42
Ordinary stockholders' equity	4,570	5,003	5,468	5,88
ORDINARY STOCKHOLDERS				
Issued capital	1,326	*1,769	1,769	1,76
Gross dividend rate	10·7%	9·0%	9·2%	10·0%
Net ordinary dividend ..	81	92	93	102
Cover for net dividend ..	4·8	2·4	4·3	3·8
Net profit earned for stockholders' equity	8·6%	4·4%	7·3%	6·5%
Net book value of £1 stock ..	68/11d	*56/7d	61/10d	66/6d
		Scrip issue 1 for 3		
NUMBER OF EMPLOYEES	5,820	6,100	5,950	5,730

1958	1959	1960	1961	1962	1963
14,300	15,450	18,000	23,700	22,750	23,450
379	360	366	474	493	517
894	772	1,193	1,294	844	816
464	293	563	598	347	500
416	418	530	686	501	226
3,770	3,878	4,348	5,652	6,100	6,126
5,854	7,410	7,407	9,634	9,276	9,143
375	1,500	1,500	3,000	3,000	3,000
274	182	207	482	561	501
1,522	1,603	1,713	1,642	1,635	1,691
420	420	420	420	420	420
7,033	7,583	7,915	9,742	9,760	9,657
2,201	2,357	*3,072	3,993	4,019	4,027
10·0%	10·0%	11·25%	11·25%	11·25%	11·25%
133	143	214	275	277	277
3·0	2·8	2·4	2·4	1·7	0·8
5·7%	5·3%	6·5%	6·8%	4·8%	2·2%
63/11d	64/4d	*51/6d	48/10d	50/–d	47/11d
		Scrip Issue 1 for 4			
6,280	6,430	7,020	9,850	9,920	9,080

BAKER PERKINS HOLDINGS LTD — SUBSIDIARIES

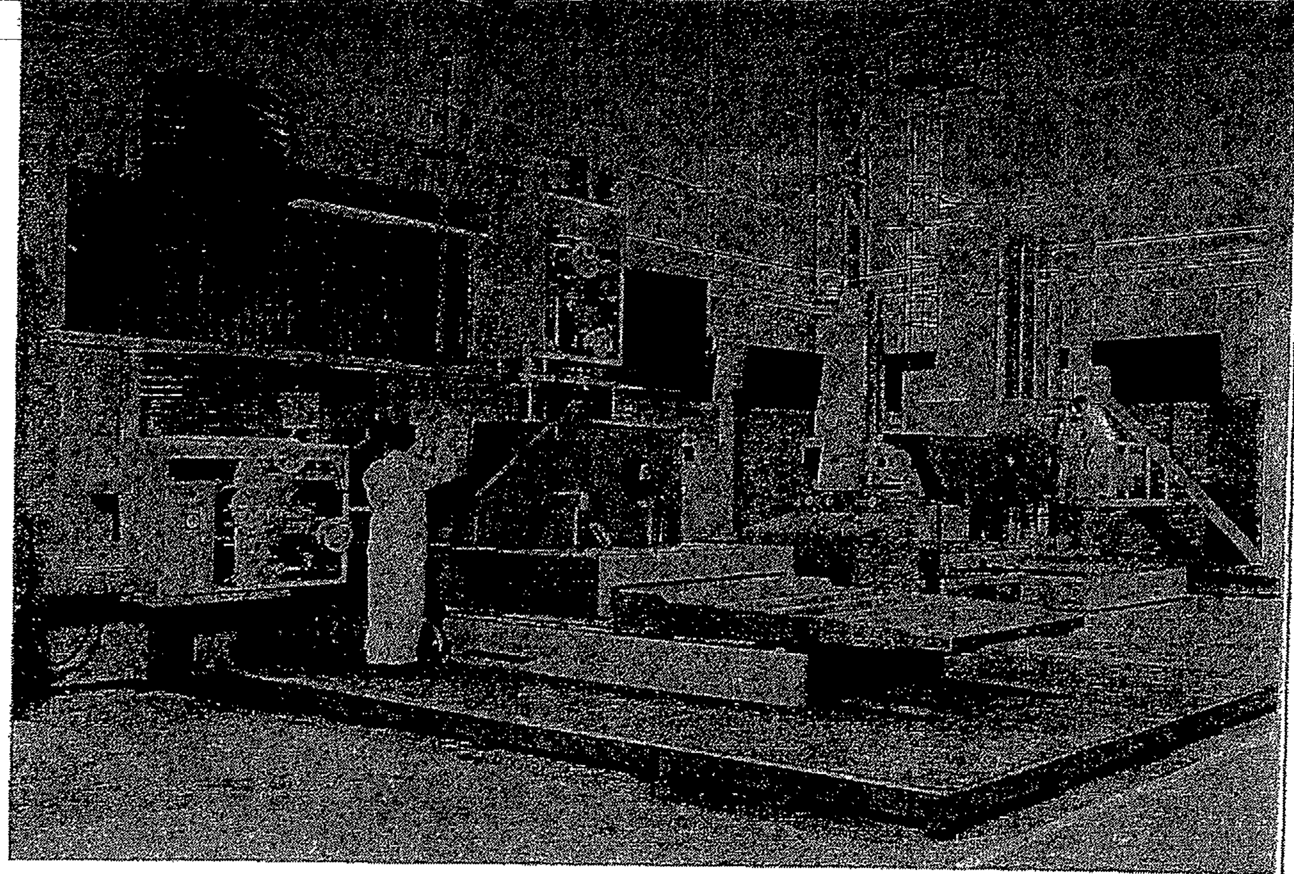
UNITED KINGDOM

THE ALLIANCE FOUNDRY COMPANY LIMITED	LUTON	Castings
BAKER PERKINS LIMITED	PETERBOROUGH & HEBBURN-ON-TYNE	Food, foundry & rubber machinery
BAKER PERKINS CHEMICAL MACHINERY LIMITED	PETERBOROUGH	Chemical machinery
BAKER PERKINS GRANBULL LIMITED	TWYFORD, BERKS.	Plastics machinery
BAKER PERKINS DEVELOPMENTS LIMITED	TWYFORD, BERKS.	Development engineers
BAKER PERKINS (EXPORTS) LIMITED	LONDON	Machinery exporters
BAKER PERKINS JAXONS LIMITED (80%)*	GLASGOW	Laundry machinery
JOB DAY & SONS LIMITED	LEEDS	Packaging machinery
WM. DOUGLAS & SONS (ENGINEERING) LIMITED	LONDON	Refrigeration, food processing plant & pumps
THE FORGROVE MACHINERY CO. LIMITED	LEEDS & GATESHEAD	Wrapping & packaging machinery
FORMMASTER LIMITED (80%)*	LONDON	Printing machinery
JAMES HALLEY & SONS LIMITED	WEST BROMWICH	Printing machinery
THE NORTHERN MANUFACTURING CO. LIMITED	GAINSBOROUGH	Gears & gear boxes
ROSE BROTHERS (GAINSBOROUGH) LIMITED	GAINSBOROUGH	Wrapping & packaging machinery
ROWNSON CONVEYORS LIMITED	LONDON	Conveyors & mechanical handling
STEELE & COWLISHAW LIMITED	HANLEY, STOKE-ON-TRENT	Paint & ink machinery

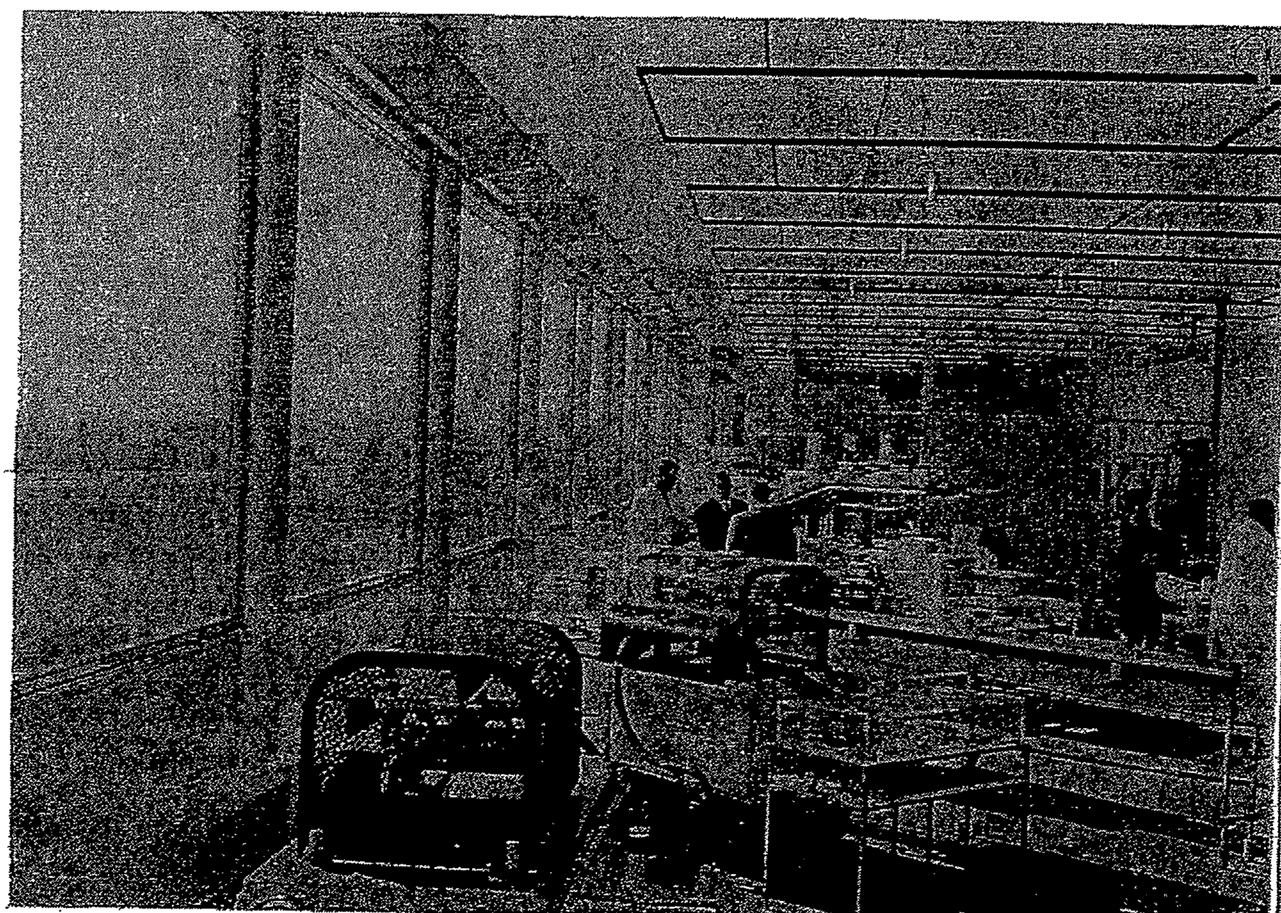
OVERSEAS COMPANIES

AUSTRALIA		
BAKER PERKINS PTY. LIMITED	MELBOURNE	Group products (import & manufacture)
CANADA		
CANADIAN BAKER PERKINS LIMITED* (66⅔% owned by Baker Perkins Inc.)	BRAMPTON, ONTARIO	Group products (import & manufacture)
GERMANY		
FORGROVE G.m.b.H.	COLOGNE	Packaging, confectionery & printing machinery sales
NEW ZEALAND		
BAKER PERKINS (N.Z.) LIMITED	AUCKLAND	Group products (import & manufacture)
SOUTH AFRICA		
BAKER PERKINS SOUTH AFRICA (PTY.) LIMITED	JOHANNESBURG	Group products (import & manufacture)
SWITZERLAND		
BAKER PERKINS A.G.	ZUG	Investment company
U.S.A.		
BAKER PERKINS INC. (61%)*	SAGINAW, MICHIGAN	Food & chemical machinery

*Percentage of equity owned by Baker Perkins shown in brackets where not wholly owned.



Modern machine tools in use during the production of equipment for the rubber industry in the Baker Perkins Limited factory at Hebburn-on-Tyne.



Wrapping and packaging machines are demonstrated in this section of the Forgrove GmbH premises in Cologne, W. Germany