

BAKER PERKINS LIMITED

SIXTY-FIRST
ANNUAL REPORT
& ACCOUNTS

FOR THE YEAR ENDED
DECEMBER 31st, 1961

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DIAMOND JUBILEE

Baker Perkins Limited, originally registered as a limited liability company under the name of Joseph Baker & Sons Limited in 1902, completes 60 years of trading later this year.

The origins of the Company, however, date back many more years. Jacob Perkins arrived from the United States and started an engineering business in 1819, and in 1876 Joseph Baker came over from Canada and founded a business which led to the formation of the Company which amalgamated in 1919 with Perkins Engineers Limited.

Jacob Perkins' inventions in the applications of high pressure steam, heating and refrigeration, and Joseph Baker's bakery equipment and ovens, were revolutionary in their time, and the amalgamated companies have continued to the present day to be leaders in the design of baking equipment. Over the years, however, it has been the policy of Baker Perkins Limited to diversify its interests to create a broadly-based business. The main products now manufactured and sold by the Parent Company are ovens and machinery for the production of bread, flour confectionery and biscuits, chocolate and sugar confectionery machinery and plant and equipment for chemical and rubber processing, foundries and institutional and industrial laundries.

In addition, the subsidiary companies which are listed on a following page provide other products and services which are in the main complementary to those of the Parent Company, either in the industries they serve or in the basic techniques they employ. The whole Group is engaged in the provision of capital equipment for the manufacture or processing of goods which meet certain basic needs.

A film has recently been made by the Baker Perkins Film Unit covering the history and the products of the Group, and it will be shown to stockholders following the Annual General Meeting.

BAKER PERKINS LIMITED

DIRECTORS

Chairman

*A. I. BAKER, C.B.E., J.P., M.A., M.I.MECH.E., M.I.PROD.E.

Vice-Chairman

*J. F. M. BRAITHWAITE, M.A.

C. N. BROWN

N. MOUNTAIN

J. S. CAROLIN, M.B.E., F.C.A.

J. M. PEAKE, M.A., A.M.I.MECH.E.

*H. CROWTHER, J.P., A.M.I.MECH.E.

W. S. B. SAMPSON, F.C.A., A.C.I.S.

C. A. W. DUMBLETON, M.I.MECH.E.

L. P. SIMPSON, B.Sc.(TECH.), M.I.PROD.E.

S. C. HARGREAVES, M.A., A.M.I.MECH.E.

*R. H. WILKINS, O.B.E., F.C.I.S.

G. D. WILSON, B.Sc.

**Members of the Board of Management.*

Secretary

J. S. HARDY, M.A., A.C.I.S.

Auditors

PRICE WATERHOUSE & CO.

Bankers

LLOYDS BANK LTD.

MORGAN GRENFELL & CO. LTD.

Solicitors

CLIFFORD-TURNER & CO.

Head Office and Registered Transfer Office
Westwood Works, Peterborough.

London Office

13, Stanhope Gate, Park Lane, London W.1.

BAKER PERKINS LIMITED

To Ordinary Stockholders

NOTICE IS HEREBY GIVEN that the Sixty-first Annual General Meeting will be held at the Westwood Works Sports Club House, Alma Road, Peterborough, on 30th May 1962 at 7.30 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 1961.
2. To declare a dividend.
3. To elect Directors.
4. To fix the remuneration of the Auditors for 1961.
5. 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.
7th May, 1962.

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 31st May 1962 to Stockholders whose names appear on the Register on 17th May 1962.

Dividend and interest payments are normally made at the following times:—

5½% Debenture Stock	31st May and 30th November
6½% Debenture Stock	31st May and 30th November
7% Preference Stock	31st March and 30th September
Ordinary Stock	30th November 31st May
	(interim) (final)

CHAIRMAN'S REVIEW

This year the Annual Accounts have been presented with a new look in the hope that you will find them easier to read and more informative than in the past. Another innovation this year is to hold the Annual General Meeting in Peterborough in the evening to give our local stockholders a chance to attend. We do not propose to do this every year and we hope that other stockholders will bear with us on this occasion. You will note from page 1 that we propose to show a new film about the Company after the meeting.

ACCOUNTS.

I am pleased to report that the net profit after taxation for 1961 attributable to Baker Perkins Ltd. amounted to £686,000 compared with £530,000 in 1960. This result was achieved in spite of the poor results of your United States subsidiary, which just managed to break even in 1961, compared with its substantial contribution to the Group's profits in the previous year. I referred to this possibility in my Review last year, but happily this reduction in profits was offset by the contribution made by the new companies joining the Group.

The subsidiaries acquired during the early part of 1961, namely, William Jack & Sons Ltd., Rose Brothers (Gainsborough) Ltd. and James Halley & Sons Ltd., were referred to last year. Their acquisition mainly accounts for the increase of approximately £3,000,000 in the item "Subsidiary Companies" in the Parent Company Balance Sheet. The fact that the accounts of these newly-acquired subsidiaries have been consolidated this year should be kept in mind when comparing the 1961 figures with those for 1960. These new acquisitions were largely financed by the Rights Issue and an additional £1,500,000 Debenture Stock issued in the early part of 1961.

The income from your associated companies was considerably greater. This was particularly the case with your German Associate, which constitutes an important investment in the European Common Market.

Borrowed money has been emphasized more prominently in the revised layout of the Balance Sheet at 31st December 1961 as it totalled £5,870,000 for the Group at the year end, and formed an important part of the financial structure. Interest on borrowed money amounted to £358,000 in 1961.

Apart from the above-mentioned new acquisitions, our capital expenditure in 1961 has been kept to a minimum. Your Board's policy is to maintain its plant and machinery in first-class order and to adopt new ideas as far as practicable. We constantly strive to replace our equipment regularly and to increase efficiency, but the high cost of money in this country during the past few years has made it difficult to justify the cost of financing this. It may be essential for the Bank of England to use its power to vary the bank rate freely for external reasons, but it should not underestimate the effect of discouraging capital investment at home, which tends to be postponed until interest rates are lower. This can place us at a disadvantage with our overseas competitors, who enjoy more modest and stable rates of interest.

It is universally recognised that as machinery and plant wear out, the replacement cost is greatly in excess of the original cost, which is the amount upon which depreciation is calculated under generally accepted accounting principles. Unfortunately the accounting profession has been unable to agree a uniform method of reflecting in annual accounts provision for this additional cost of replacing fixed assets. The Group has in the past made allocations amounting to £1,446,000 out of taxed profit to a capital reserve for replacement of fixed assets part of which has been capitalised in Bonus Issues. No allocations have been made in 1961 for this purpose, as it is considered that the provision made in the past is adequate.

UNITED KINGDOM COMPANIES.

Baker Perkins Limited.

Westwood Works, Peterborough, remains as the Head Office for the Group, and with our continued expansion it is found that an increasing amount of time of senior executives is spent on the activities of your subsidiaries outside Peterborough. Baker Perkins Limited, through its operations in Peterborough and Bedewell, made a slightly increased contribution to the trading profit of the Group.

**Forgrove Machinery Co. Ltd. and
Rose Brothers (Gainsborough) Ltd.**

With the acquisition of Rose Brothers (Gainsborough) Ltd. and its subsidiary, Job Day & Sons Ltd., at the beginning of 1961, the Group has a very large stake in the packaging and wrapping machinery industry. Forgrove, Rose, and Job Day had a good year and made substantial and satisfactory contributions to profits. Close collaboration and consultation is eliminating wasteful duplication of design and manufacturing effort, so that all three companies can give the best possible service to customers.

James Halley & Sons Ltd.

The acquisition of James Halley & Sons Ltd. last year has reintroduced printing machinery into our range of products. This has been found particularly suitable for manufacture at Peterborough. We can give this company much-needed additional manufacturing capacity and are confident that it is a most worth-while addition to the Group.

William Jack & Sons Ltd.

The acquisition of this company has consolidated our position in the laundry industry and we hope to improve our competitive position in the lines of machinery produced.

William Douglas & Sons (Engineering) Ltd.

This company had a good year, during which considerable expansion took place, partly arising out of the merger with Alfred Porter & Co. Ltd. It has good growth potential and will play an important part in the Group in the future. We increased our holding in this company from 90% to 95% during the year.

Other U.K. Subsidiaries.

The other United Kingdom subsidiaries made a profit with the exception of two which made small losses in 1961. Attention is being focussed on them to make them profitable in the future.

EXPORTS.

Baker Perkins (Exports) Ltd. was formed in 1950 to handle the Group's exports from this country, and for the last few years has been accommodated in premises in Swallow Street, Piccadilly, London. With constantly expanding export trade, more accommodation became necessary, and during 1961 the company moved into new and larger premises at No. 13 Stanhope Gate, Park Lane, London W.1. The London headquarters of the Group are also housed in the same self-contained building, which was officially opened in August of last year by the Rt. Hon. Frederick Erroll, M.P., then Minister of State, Board of Trade.

Your Company is proud to have played its part in the country's export drive, and exports from the United Kingdom for 1961 amounted to £4,300,000, a record for the Group. Exports to countries other than those where the Group has a subsidiary or associated company are handled through more than 80 agents, covering practically the whole world. Exports, however, are not the total of our overseas trade, and machinery manufactured by the overseas subsidiary companies amounted to a further £6,400,000. In total, therefore, over £10,700,000, or 45% of the Group's turnover of £23,700,000 was sold outside the United Kingdom.

I thought it would be interesting to include a world map at the end of the Report this year, to show the countries to which the Group's products have been shipped and where we have factories and offices.

Our bankers have assisted by granting the Company medium and long-term advances secured against specific export contracts, and for the first time we arranged revolving acceptance credits of £250,000, specifically for financing exports. With the continued support of our bankers, I feel confident of meeting the increasing overseas demand for our products without the special Government finance which is being planned for some exporters. The help received from the Export Credits Guarantee Department is invaluable.

OVERSEAS COMPANIES.

The Company is particularly conscious of the desire and inherent right of the newly-developing countries to establish industries themselves for the manufacture of machinery. It is the policy of your Company to meet these natural desires wherever practicable, and we realise the need for our products in all parts of the world if the standard of living is to be improved.

The burden of taxation is heavy and restrictions are onerous in many countries, but despite this there has been a steady growth in most of our overseas companies, although not so rapid as we would like to see.

North America.

The poor results of your United States subsidiary, Baker Perkins Inc., referred to previously, are attributable to the intense competition for the diminished volume of business available in 1961, resulting in an inability to obtain adequate prices. In addition, its Canadian subsidiary made a substantial loss, mainly because the recession in Canada's business activity coincided with an expansion of the company's manufacturing facilities and selling organisation and the introduction of additional lines. These efforts unfortunately have not yet produced the increase in turnover that was hoped for.

In successive Annual Reports I have repeatedly commented upon the fact that it seems inherent in the trading conditions experienced by your North American subsidiaries that they should be subject to wide fluctuations. It is, therefore, essential to take a long-term view, although the effect on the Group's profits from year to year can be considerable. However, you will be pleased to know that the President of Baker Perkins Inc. was able to report recently to his Stockholders that incoming orders, particularly from the baking industry, are now increasing at a heartening rate. He expects that order-taking will accelerate in both the Food and Chemical Divisions during the remainder of 1962. This should help results in both 1962 and 1963.

In spite of the improved outlook for the next two years, your Board feels that it may be desirable to diversify your business in the United States, and the directors of Baker Perkins Inc. are studying the possibilities of broadening the base of their operations.

My regular visit to the United States last year was made to coincide with the Bakery Exhibition at Atlantic City, which is held once every six years. The President of your United States subsidiary has just been over to this country for extended consultations.

South America.

During the year Molins Machine Company Ltd. acquired 50% of the increased capital of Baker Perkins Molins do Brasil, S.A., and that company therefore ceased to be a subsidiary, with the result that its accounts are no longer consolidated with those of Baker Perkins Ltd.

Our sales representatives have made extensive visits to the other countries in South America, with satisfactory results.

Australasia.

Total annual sales in Australia and New Zealand in 1961 exceeded £1,000,000 sterling for the first time, resulting in a record net profit for Baker Perkins Pty. Ltd. of Melbourne. As importation was lower owing to Government restrictions, this satisfactory result is in large part due to an increase in the sale of equipment manufactured in that country by our associated company, Gordon Brothers (Pty.) Ltd.

Baker Perkins (N.Z.) Ltd. in Auckland doubled its turnover. In spite of severe import restrictions, we were nevertheless able to export more to that country, and in addition there was an increasing contribution from the new manufacturing facilities.

Africa.

In spite of the political uncertainties and the resultant somewhat depressed trading conditions, Baker Perkins South Africa (Pty.) Ltd. again made a profit. This was a creditable achievement under the circumstances.

Exports from the United Kingdom to other parts of the African Continent were considerably more than during 1960.

Asia and Far East.

The Vice-Chairman, Mr. Braithwaite, has made a visit this year to India, Japan and Hong Kong, and further consideration will be given to improving our competitive position in these parts of the world.

Europe.

Forgrove G.m.b.H., which sells wrapping and packaging machinery in Germany, Austria and Switzerland, increased its turnover considerably in this highly competitive market, and made a larger profit.

The Company awaits with interest the outcome of the negotiations for the United Kingdom's entry into the European Common Market. Whatever the final decision, the likely problems that will arise have been reviewed, and your Board feels that the Company will be reasonably placed.

In order to be prepared for any eventuality in the developing scene in Europe, Baker Perkins A.G., a wholly-owned subsidiary, is to be formed in Switzerland, together with its subsidiary, Baker-Perkins Engineers G.m.b.H., to be set up to control the Group's activities in Spain.

MANAGEMENT AND STAFF.

At the end of the year under review Mr. H. J. Wenban retired from the Parent Company's Board at his own request, having served since 1943, when the Forgrove Machinery Co. Ltd., of which he was Chairman, merged with Baker Perkins. He had held the office of Director longer than most of his colleagues and his advice and experience of the Company's affairs will be missed. Mr. Wenban has also retired as Managing Director of Forgrove, but I am glad to say that he has agreed to remain as Chairman of Forgrove, and will continue to take an active interest in the wrapping machinery affairs of the Group.

In September Mr. W. S. B. Sampson accepted an invitation to join the Board as Finance Director and, as required by the Company's Articles of Association, he retires at the forthcoming Annual General Meeting and presents himself for re-election. Mr. Sampson returned to this country from Washington D.C. after having served as Chief Accountant to the International Finance Corporation, an affiliate of the World Bank, since its formation in 1956. His wide experience in international finance and his association with various types of business enterprises in this country and abroad are already proving of great value.

This Group now has over 10,000 employees, widely spread throughout this country and abroad, including over 1,000 apprentices under training. In addition, the associated companies have over 5,000 employees.

I mentioned earlier the acquisitions that took place during the first three months of 1961. The integration of these new members into the Group and the assistance which has been willingly provided and accepted from the Parent Company at all levels has imposed a considerable extra burden of work on nearly all staff in the companies concerned. We welcome these new members into the Group, and to them and to all employees I should like to record this acknowledgement of their loyal hard work and to thank them for their continuing co-operation.

THE FUTURE.

The total of bank advances remains high at £2,870,000 because the additional funds raised early in 1961 by the successful Rights Issue and the issue of £1,500,000 in Debenture Stock were used to purchase the new acquisitions referred to earlier in this Review. These bank borrowings are largely made to finance working capital required for the increased volume of business, particularly exports, as explained previously. Although our bankers are meeting our present needs, we may be consulting our advisers later this year about raising more permanent capital.

We are most conscious of our obligation to pay a satisfactory dividend to our Stockholders if we are to be able to raise the new capital which may be required in the future to keep the business healthy and prosperous. This factor can be overlooked in these days, when requests for dividend limitation, increased wages and appeals for reduced prices are given more publicity.

So far, the current year has started fairly well, and I hope that a reasonable result will once again be achieved in the year 1962.

Attention is being focussed on those operations of the Group where the best profit can be made, and as time goes on the rationalisation of the many members of the Group should produce economies and bring with it benefits of cross-fertilisation of ideas and experience. Your Board considers that this will result in a steady long-term growth.

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 1961. The consolidated results of the Group are shown in the Group Profit and Loss Account set out on the opposite page, and are summarised below:—

1960		1961
£		£
1,193,201	Profit before taxation	1,294,427
629,813	Net Profit after taxation	696,594
530,042	Profit attributable to Baker Perkins Ltd.	686,072
	Dividends, less income tax, for 1961 —	
18,008	Preference Stock — 7%	18,008
	Ordinary Stock — 11½%	
47,046	Interim paid, 6d. per £1 stock (2½%)	61,148
166,772	Final recommended, 1/9d. per £1 stock (8½%)	214,018
298,216	Net Profit retained by the Group	392,898

CAPITAL.

The authorised capital of the Company was increased to £6,420,000 at the last Annual General Meeting and of this £4,413,343 has been issued.

SUBSIDIARY COMPANIES.

During the year the Company acquired the issued share capital of Rose Brothers (Gainsborough) Ltd. and James Halley & Sons Ltd. 80% of the issued share capital of William Jack & Sons Ltd. was also acquired. These were referred to by the Chairman on pages 13 and 14 of the 1960 Annual Report.

DIRECTORS.

The Directors, acting under Article 85 of the Company's Articles of Association appointed W. S. B. Sampson as a Director of the Company, and he is now eligible for re-election.

The Directors retiring by rotation are A. I. Baker, C. A. W. Dumbleton, J. M. Peake and S. C. Hargreaves, who, being eligible, offer themselves for re-election.

AUDITORS.

Messrs. Price Waterhouse & Co. will continue in office.

By order of the Board,

J. S. HARDY,

Secretary.

19th April, 1962.

BAKER PERKINS LIMITED AND SUBSIDIARY COMPANIES

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1961.

1960			1961	
£	£		£	£
	1,239,541	Manufacturing and Trading Profit (Note 6)		1,418,675
		After deducting:		
344,753		Depreciation	474,371	
21,486		Replacement of Fixed Assets Reserve ..	—	
	117,974	Income from associated companies ..		234,635
	1,357,515			1,653,310
86,250		Debenture Interest	165,500	
78,064		Bank and other Interest	193,383	
	164,314			358,883
	1,193,201	Profit before Taxation		1,294,427
	563,388	Taxation (Note 7)		597,833
	629,813	Net Profit after Taxation		696,594
	99,771	Net Profit attributable to Minority Interests..		10,522
	530,042	Profit for the year attributable to Baker Perkins Ltd. (Note 8)		686,072
		Dividends less income tax on:		
18,008		7% Preference Stock	18,008	
		Ordinary Stock:		
47,046		Interim, 6d. per £1 stock	61,148	
166,772		Final recommended, 1/9d. per £1 stock	214,018	
	231,826			293,174
	298,216	Net Profit retained by the Group		392,898
	3,142,735	Balance brought forward from the previous year	3,440,951	
		Adjustment on sale of controlling interest in subsidiary	57,193	
			3,498,144	
		Less Revenue Reserves capitalised by a subsidiary	75,000	
				3,423,144
		Unappropriated profit carried forward:		
983,709		Baker Perkins Ltd.	1,138,657	
2,457,242		Subsidiaries	2,677,385	
	£3,440,951			£3,816,042

See notes to the accounts.

BAKER PERKINS LIMITED

BALANCE SHEET AT 31st DECEMBER 1961

1960 £		1961 £	£
1,683,886	FIXED ASSETS (Note 1)	1,937,612	
257,605	Land, Buildings, Plant and Machinery	430,791	
1,941,491	Investments in Associated Companies		2,368,403
2,262,751	SUBSIDIARY COMPANIES (Note 2) ..		5,224,936
3,483,533	CURRENT ASSETS (Note 3)		
1,743,014	Stock and work in progress ..	3,364,724	
5,990	Debtors	2,613,256	
5,232,537	Cash	9,717	
1,189,412		5,987,697	
604,297	Less: CURRENT LIABILITIES (other than		
86,254	Bank Advances)		
166,772	Creditors	1,698,996	
2,046,735	Progress payments	195,186	
3,185,802	Current taxation	4,595	
£7,390,044	Recommended Ordinary Dividend	214,018	
		2,112,795	
			3,874,902
			£11,468,241
	<i>Financed as follows:</i>		
	CAPITAL AND RESERVES	Authorised in Shares of £1 each	Issued and converted into Stock
420,000	Capital	420,000	420,000
3,072,397	7 per cent Cumulative Preference	6,000,000	3,993,343
3,492,397	Ordinary	6,420,000	4,413,343
614,540	Reserves		
983,709	Capital (Note 4)	1,293,464	
1,598,249	Revenue	1,138,657	
5,090,646			2,432,121
69,953			6,845,464
	FUTURE UNITED KINGDOM TAXATION		
	Income Tax 1962/63		70,000
	BORROWED MONEY		
1,500,000	Debenture Stock (Note 5)		
—	£1,500,000 5½ per cent 1979/84 ..	1,500,000	
729,445	£1,500,000 6½ per cent 1981/86 ..	1,500,000	
2,229,445		3,000,000	
£7,390,044	Bank Advances	1,552,777	
			4,552,777
	<i>See notes to the accounts.</i>		£11,468,241

A. I. BAKER
W. S. B. SAMPSON } Directors

BAKER PERKINS LIMITED AND SUBSIDIARY COMPANIES

GROUP BALANCE SHEET AT 31st DECEMBER 1961

1960 £		1961 £	£
3,939,240	FIXED ASSETS (Note 1)	5,069,306	
409,166	Land, Buildings, Plant and Machinery	582,752	
4,348,406	Investments in Associated Companies		5,652,058
6,760,088	CURRENT ASSETS (Note 3)	8,487,262	
5,610,750	Stock and work in progress ..	8,224,292	
751,327	Debtors ..	609,250	
13,122,165	Cash and United States Treasury Bills	17,320,804	
2,469,983	Less: CURRENT LIABILITIES (other than Bank Advances)		
966,156	Creditors	3,566,807	
513,366	Progress payments	626,289	
166,772	Current taxation	409,754	
4,116,277	Recommended Ordinary Dividend	214,018	
9,005,888		4,816,868	
<u>£13,354,294</u>			12,503,936
			<u>£18,155,994</u>
	<i>Financed as follows:</i>		
	CAPITAL AND RESERVES APPLICABLE TO STOCKHOLDERS OF BAKER PERKINS LTD.		
420,000	Capital	420,000	
3,072,397	7 per cent Cumulative Preference Ordinary	3,993,343	
3,492,397			4,413,343
1,401,987	Reserves		
3,440,951	Capital (Note 4)	1,933,177	
4,842,938	Revenue	3,816,042	
8,335,335			5,749,219
1,712,561			10,162,562
206,928	CAPITAL AND RESERVES APPLICABLE TO MINORITY INTERESTS		1,641,715
	FUTURE UNITED KINGDOM TAXATION		
	Income Tax 1962/63		481,570
	BORROWED MONEY		
1,500,000	Debenture Stock (Note 5)		
—	£1,500,000 5½ per cent 1979/84 ..	1,500,000	
1,500,000	£1,500,000 6½ per cent 1981/86 ..	1,500,000	
1,599,470		3,000,000	
3,099,470	Bank Advances (Secured £993,465; 1960 £494,931)	2,870,147	
<u>£13,354,294</u>			5,870,147
			<u>£18,155,994</u>

See notes to the accounts.

NOTES TO THE ACCOUNTS

1. FIXED ASSETS

Land, Buildings, Plant and Machinery.

Land, Buildings, Plant and Machinery.					1961		1960	
GROUP					Cost £	Deprec. £	Cost £	Deprec. £
Freehold and leasehold land and buildings	..			..	2,901,587	696,601	2,411,331	577,034
Plant, machinery and equipment	..	..	..	..	5,751,685	3,104,432	4,208,675	2,283,185
Motor vehicles	..	..	..	..	424,222	207,155	327,892	148,439
					<u>9,077,494</u>	<u>4,008,188</u>	<u>6,947,898</u>	<u>3,008,658</u>
Net	..	..			£5,069,306		£3,939,240	
PARENT COMPANY								
Freehold and leasehold land and buildings	..			..	1,114,457	259,629	979,270	239,273
Plant, machinery and equipment	..	..	..	..	2,129,585	1,139,068	1,892,354	1,049,348
Motor vehicles	..	..	..	..	170,603	78,336	171,100	70,217
					<u>3,414,645</u>	<u>1,477,033</u>	<u>3,042,724</u>	<u>1,358,838</u>
Net	..	..			£1,937,612		£1,683,886	

Depreciation includes amounts provided by subsidiaries prior to acquisition by the Parent Company.

Commitments for capital expenditure at the balance sheet dates, not provided in the accounts, are estimated for the Group at £224,000 (£177,000) and for the Parent Company at £61,000 (£142,000).

Investments in Associated Companies.

Investments in associated companies are at cost or as valued by the Directors in 1948.

2. SUBSIDIARY COMPANIES.

Investments in, and amounts due to and from subsidiary companies, are as follows:

	1961	1960
Shares at cost or as valued by the Directors in 1926	4,006,629	1,619,859
Balances on current account:		
Due by Subsidiaries	1,608,435	755,093
Less Due to Subsidiaries	<u>390,128</u>	<u>112,201</u>
	1,218,307	642,892
	<u>£5,224,936</u>	<u>£2,262,751</u>

3. CURRENT ASSETS

Group debtors include debts totalling £608,523 not due within one year.

United States Treasury Bills are at cost, £319,363, and had a market value at 31st December 1961 of £319,960.

Stock and work in progress is included in the accounts at the lower of cost or net realisable value.

4. CAPITAL RESERVES

	Parent Company			Group
	Share Premium Account	Fixed Asset Replacement Reserve	Total	Total
At 31st December 1960	£	£	£	£
Premiums on issue of ordinary shares ..	91,858	522,682	614,540	1,401,987
Share and Debenture issue expenses ..	756,558		756,558	756,558
Debenture discount	(55,134)		(55,134)	(55,134)
Goodwill arising on acquisition of further subsidiaries	(22,500)		(22,500)	(22,500)
Revenue reserves capitalised by a subsidiary				(245,199)
Exchange adjustments arising on consoli- dation				75,000
				<u>22,465</u>
At 31st December 1961	<u>770,782</u>	<u>522,682</u>	<u>1,293,464</u>	<u>1,933,177</u>

NOTES TO THE ACCOUNTS—*continued*

5. DEBENTURE STOCK

On the 30th November 1964 and annually thereafter the Company shall set aside and apply £30,000 in the redemption at par of the 1979/84 stock to be selected by drawings and must apply a further £30,000 in respect of the 1981/86 stock from 30th November 1966, unless already purchased in the open market at a price not exceeding £105 per cent.

6. MANUFACTURING AND TRADING PROFIT

The manufacturing and trading profit of £1,418,675 includes the profits of four new subsidiaries as from 1st January 1961 and two as from 19th January 1961. The profits accruing from these companies exceeded a reduction in the profits of the group as previously constituted which arose by reason of substantially lower profits in the United States subsidiary. Emoluments of the Directors of Baker Perkins Ltd. paid by the Company and its Subsidiaries were Directors Fees £3,081 (£3,125) and remuneration for services as managers £120,377 (£102,861). Pensions and other payments to past Directors and their dependants were £8,773 (£8,773).

7. TAXATION

The charge for taxation is made up as follows:

	1961 £	1960 £
United Kingdom income tax	430,896	287,132
United Kingdom profits tax	124,110	52,510
Foreign and Dominion tax (net after relief)	46,755	246,518
Total taxation based on the profit of the year	601,761	586,160
Deduct Prior year's tax liability adjustment	3,928	22,772
	£597,833	£563,388

The charge for United Kingdom taxation has been reduced by £56,000 (£35,500) due to Investment Allowances.

Capital allowances obtained to date have had the effect of deferring United Kingdom taxation to the extent of £301,000 (£164,700) calculated at current rates of tax. Corresponding additional charges for taxation will fall upon the profits of future years during which the relative assets are in use.

8. PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

Net profit of the Group attributable to Baker Perkins Ltd. of £686,072 (£530,042) includes £448,122 (£319,846) which was dealt with in the parent company profit and loss account.

9. CONTINGENT LIABILITIES

At the balance sheet dates these amounted to £448,000 (£455,697) for the Group, of which £281,343 relates to contingent liabilities in respect of discounted trade bills. For the Parent Company the amount was £151,000 (£9,000) excluding guarantees relating to Subsidiaries.

10. RATES OF EXCHANGE

Fixed assets overseas (and depreciation thereon) have been expressed in sterling at the exchange rates ruling at the dates of acquisition, and other overseas assets and liabilities at the rates ruling at 31st December 1961.

11. SUBSIDIARIES' ACCOUNTING DATES

The accounts of three overseas subsidiaries are made up to 30th September 1961 and one other to 30th November 1961. The differences between inter-company balances amounting to £28,979 have been included in debtors.

For convenience of management the accounting dates of these overseas subsidiaries do not coincide with the date of the parent company.

REPORT OF THE AUDITORS

TO THE MEMBERS OF BAKER PERKINS LIMITED

In our opinion the annexed 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 1961 and the profit for the year ended on that date of the company and of the group consisting of the company and its subsidiaries.

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.

3 Frederick's Place,
Old Jewry,
London E.C.2.
19th April, 1962.

PRICE WATERHOUSE & Co.,
Chartered Accountants.

BAKER PERKINS LIMITED AND SUBSIDIARY COMPANIES

GROUP FINANCIAL STATISTICS

(in £000)

	1957	1958	1959	1960	1961
Assets employed in the Group					
Fixed Assets	3,119	3,770	3,878	4,348	5,652
Net Current Assets (before deducting bank advances)	6,107	7,089	8,105	9,006	12,504
Net Assets	<u>9,226</u>	<u>10,859</u>	<u>11,983</u>	<u>13,354</u>	<u>18,156</u>
Financed as follows					
Ordinary Capital	1,769	2,201	2,357	*3,072	3,993
Capital and Revenue Reserves	4,113	4,832	5,226	4,843	5,749
Ordinary Stockholders' Equity	<u>5,882</u>	<u>7,033</u>	<u>7,583</u>	<u>7,915</u>	<u>9,742</u>
Preference Capital	420	420	420	420	420
Minority Shareholders in Subsidiaries	975	1,522	1,603	1,713	1,642
Future Tax Reserves	316	274	182	207	482
Borrowed Money	1,633	1,610	2,195	3,099	5,870
	<u>9,226</u>	<u>10,859</u>	<u>11,983</u>	<u>13,354</u>	<u>18,156</u>
Sales and Profits					
Sales	13,780	14,300	15,450	18,000	23,700
Depreciation and Replacement Reserve	452	379	360	366	474
Trading Profit and income from Associated Companies	1,227	1,001	894	1,357	1,653
Interest on Borrowed Money	133	107	122	164	359
Taxation	634	464	293	563	598
Net Profit	460	430	479	630	696
Minorities Share of Net Profit	60	14	61	100	10
Net Profit attributable to Baker Perkins Ltd.	400	416	418	530	686
Preference Dividend	17	17	18	18	18
Ordinary Dividends	102	133	143	214	275
Ratios					
Cover for Ordinary Dividends	3.8	3.0	2.8	*2.4	2.4
Dividends Paid	10%	10%	10%	11½%	11½%
Net Profit attributable to Baker Perkins Ltd. as % of Ordinary Stockholders' Equity	6.5	5.7	5.3	6.5	6.8

*Scrip issue in 1960 of 1 for 4

SUBSIDIARY COMPANIES AND THEIR DIRECTORS

UNITED KINGDOM

The Alliance Foundry Company Limited,
Luton

Grey Iron,
Precision and
Non-Ferrous
Castings

DIRECTORS

A. I. Baker (Chairman)
M. A. Farrell (Managing)
F. E. Austin

Baker Perkins (Exports) Limited,
London W.1

Exporters of the
Group's products

H. Crowther (Chairman)
H. S. Hargreaves (Managing)
F. H. Arscott, A. I. Baker,
J. F. M. Braithwaite, W. A. B. Brown,
A. Cramb, J. S. Hardy, P. Marlow,
D. A. Ogilvie

Baker Perkins Granbull Limited,
Kingston-on-Thames

Plastics Processing
Machinery

R. H. Wilkins (Chairman)
F. G. Bull (Managing)
J. A. W. Gill, N. F. Harwood,
J. S. H. Rodman

Baker Perkins Jaxons Limited
London W.1

Sales of Laundry
Equipment

H. Crowther (Chairman)
R. Jack (Managing)
W. H. W. Howes, D. C. Muirhead

Job Day & Sons Limited,
Leeds

Packaging
Machinery for the
tea and food
industries

H. S. Ridley (Chairman)
J. Naylor (Managing)
H. E. Maddison, A. V. Naylor,
R. G. Radley, R. H. Wilkins

William Douglas & Sons (Engineering) Limited,
London S.W.15

Bulk Handling,
Refrigerating and
Air-conditioning
Equipment

A. I. Baker (Chairman)
T. E. M. Douglas (Managing)
L. G. Collins, G. F. A. Crook,
W. S. Douglas, N. Mountain

The Forgrove Machinery Company Limited,
Leeds

Wrapping and
Packaging
Machinery

H. J. Wenban (Chairman)
W. A. B. Brown (Managing)
A. I. Baker, L. Brook, P. Dyson,
J. N. Edis, J. Horn, N. Mountain,
H. S. Ridley, R. H. Wilkins

James Halley & Sons Limited,
West Bromwich
(Including Halley Rotopress Corporation)

Printing
Machinery and
Equipment

R. H. Wilkins (Chairman)
A. M. Halley (Managing)
L. W. Cashmore, P. Marlow,
J. R. McBride, L. P. Simpson

William Jack & Sons Limited,
Glasgow, S.W.2

Laundry
Machinery

H. Crowther (Chairman)
W. Jack (Managing)
A. P. Culmer, R. Jack, J. T. Jack,
W. Jack, Jr., P. Marlow

Northern Manufacturing Company Limited,
Gainsborough, Lincs.

Gears and Gear
Boxes

H. S. Ridley (Chairman)
W. Hunter (Managing)
J. Hunter, H. L. Maddison,
T. H. Phillipson, A. Pycock,
Mrs. A. M. Ridley

Packman Machinery Limited,
Twyford, Berks.

Design
Engineers

A. I. Baker (Chairman)
H. D. Byles (Managing)
P. J. Packman, N. Mountain

Rose Brothers (Gainsborough) Limited,
Gainsborough, Lincs.

Wrapping and
Packaging
Machinery

H. S. Ridley (Chairman)
R. H. Wilkins (Managing)
A. I. Baker, R. A. Bailey, W. A. B. Brown,
J. Hunter, H. L. Maddison, N. Mountain,
T. H. Phillipson, R. G. Radley,
Mrs. A. M. Ridley

Rownson Conveyors Limited,
London, N.7

Mechanical
Handling and
Conveyors

H. Crowther (Chairman
and Managing)
D. G. Anderson, C. N. Brown,
P. Hoyle, J. A. Marriott

Steele & Cowlishaw Limited,
Hanley, Stoke-on-Trent

Equipment for the
Paint, Ink and
Paper-coating
Industries

A. I. Baker (Chairman)
J. A. Harley (Managing)
J. A. W. Gill, H. S. Hargreaves

AUSTRALIA

Baker Perkins Proprietary Limited,
Gardiner, Victoria

Manufacture,
sales and service
of Group
Products

G. B. G. King (Chairman and Managing)
A. I. Baker, H. Crowther, J. D. Allan,
E. J. Downey, T. E. Gordon,
J. N. Lawrence, W. S. B. Sampson,
J. C. Venables

CANADA

Canadian Baker Perkins Limited,
Brampton, Ontario

Manufacture,
sale and service
of Group and
Associated
Companies
Products

E. A. Turner (Chairman)
A. G. Robertson (President)
A. I. Baker, R. A. Baker, D. H. Bitney,
W. C. Dean, P. B. Harley,
W. H. Klausing, C. W. Steinhauer

GERMANY

Forgrove G.m.b.H.,
Cologne

Sale of wrapping,
packaging and
chocolate and
confectionery
machinery

E. A. Kalfayan (Manager)

NEW ZEALAND

Baker Perkins (N.Z.) Limited,
Auckland

Manufacture,
sale and service
of Group
Products

G. B. G. King (Chairman)
R. E. Chaase (Managing)
A. I. Baker, H. Crowther, J. N. Lawrence,
W. S. B. Sampson

SOUTH AFRICA

Baker Perkins South Africa (Proprietary) Limited,
Johannesburg

Manufacture,
sale and service
of Group
Products

J. M. Jameson (Chairman and
Managing)
A. I. Baker, H. Crowther, T. W. Fargher,
A. F. Mosley, C. B. Poole,
W. S. B. Sampson

U.S.A.

Baker Perkins Inc.,
Saginaw, Michigan
(Including Canadian Petersen Oven Company)

Food Processing
and Chemical
Machinery

P. B. Harley (President)
E. A. Turner (Executive Vice-President
and General Manager)
A. I. Baker, R. A. Baker,
J. F. M. Braithwaite, C. Bryson,
M. J. Glennon, H. H. Hennecke,
K. A. Mack, W. I. McDonald,
R. W. McKenzie.

ASSOCIATED COMPANIES

Baker Perkins Limited has important investments, but not a controlling interest, in Associated Companies located in Germany, France, Brazil and Australia, in addition to the United Kingdom.

SALES BY MAJOR TRADING AREAS

	£	%age total sal
United Kingdom.. .. .	13,000,000	55
United States and Canada	6,100,000	26
Remainder of Western hemisphere	600,000	2
Other world trade	4,000,000	17
TOTAL SALES — 1961	£23,700,000	100%

TORONTO
SAGINAW
MICHIGAN

N. AMERICA

ATLANTIC
OCEAN

PACIFIC
OCEAN

S. AMERICA



Baker Perkins Limited and its United Kingdom subsidiaries.



Overseas companies and branches of Baker Perkins



Associated companies



Agents

Countries to which Baker Perkins Group exported in 1961.

COLOGNE

JOHANNESBURG

BOMBAY

MELBOURNE

AUCKLAND

A S I A

AFRICA

INDIAN
OCEAN

AUSTRALIA

NEW ZEALAND

