AGA RANGEMASTER LIMITED

Annual Report and Financial Statements

2 January 2021

Co. No. 3872754

STRATEGIC REPORT

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'FRS 102'.

The directors present their Strategic Report for the year ended 2 January 2021.

Principal activities

The principal activities of the company continue to be the manufacture, retail, installation and maintenance of kitchen equipment, domestic heating appliances and home and kitchen orientated products.

The sale of land at Coalbrookdale was completed in August 2020 for £300k. During 2018 the site was closed and in 2019 the land and buildings included in assets held for sale were written down further to £300k.

The KPI of EBITDA pre exceptional costs has decreased by 9.1% as turnover decreased by 9.5%, gross margins have remained stable whilst some revenue streams have been hit by weaker UK market conditions due to the Covid-19. The company's key financial performance indicators during the year were as follows:

	2 January 2021 £000	28 December 2019 £000
Turnover	114,286	126,239
EBITDA pre exceptional costs	21,349	23,499
Profit for year attributable to members of the parent company	12,116	6,903
Equity attributable to owners of the parent company	151,977	139,861
Average number of employees	783	807

Total turnover reduced by 9.5% (28 December 2019: 2.9%) as AGA cookers and cookware sales were impacted by the shop closures due to Covid-19 although exports turnover increased by 12.4% during the year. EBITDA pre exceptional costs as a percentage of turnover marginally increased to 18.7% as some benefits of product rationalisation and restructuring initiatives came through offset by Covid-19 disruptions (28 December 2019: 18.6% increase).

The profit for the year attributable to members of the parent company of £12,116k (28 December 2019: £6,903k profit) included exceptional costs of £4,158k (28 December 2019: £4,922k) of which £3,597k (28 December 2019: £3,453k) related to associated costs and deficit reduction contributions in relation to the AGA Rangemaster Group's defined benefit pension scheme in which the company participates, £561k (28 December 2019: £1,215k) related to restructuring costs and in 2019 there was a further write down of £254k to the Coalbrookdale asset held for sale. The company has received £4,266k of cash payments from the government to compensate for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough under the Coronavirus Job Retention Scheme (CJRS) which is shown as other operating income in the notes to the accounts.

Equity attributable to owners of the parent company increased as the company also benefitted from the Covid-19 VAT Deferral Scheme as £1,735k was included in creditors in relation to the deferment of VAT payments during 2020 and the amounts owed by the company's holding company increased.

Average employee numbers have reduced by 3.0% compared to the previous year as a result of further redundancy programmes resulting in £561k (28 December 2019: £1,215k) of redundancy costs.

Product development programmes of recent years are now providing growth in existing and new markets.

STRATEGIC REPORT (continued)

Principal risks and uncertainties

Financial risk management
In order to achieve our business objectives, the company must respond effectively to the associated risks. The company has established risk management procedures, involving the identification and monitoring of operational, regulatory, financial and market driven factors, at various levels throughout the business. The company takes a proactive approach to managing risks.

In the current economic conditions with major financial imbalances the impact on the company can be sudden and material. This makes awareness and flexibility key to mitigating risks in rapidly changing conditions and important in identifying relevant business opportunities.

Covid-19 virus pandemic
The Covid-19 pandemic has, and likely will continue to, impact and pose risks to the company, the nature and extent of which are highly uncertain and unpredictable. The company is monitoring the global outbreak of the Covid-19 pandemic and taking steps to mitigate the risks posed by its spread, including working with its customers, employees, suppliers and other stakeholders. The pandemic is affecting, and is expected to continue to affect, the company's financial results, condition and outlook. Certain elements of the company's business (including its supply chain, distribution systems, production levels and research and development activities) and retail operations have been negatively impacted due to significant portions of the company's workforce being unable to work effectively due to quarantines, government orders and guidance, facility closures, illness, travel restrictions, implementation of precautionary measures and other restrictions. The company also has experienced, and expects to continue to experience, volatility in demand given disruptions in global health, economic and market conditions, consumer behaviour and global operations. If the pandemic continues and conditions worsen again, the company expects to experience additional adverse impacts on operational and commercial activities, costs, customer orders and purchases and collections of accounts receivable, which may be material, and the extent of these exposures remains uncertain even if conditions begin to improve. The pandemic has also increased the risk related to the company's ability to ensure business continuity during a potential disruption, including an increased risk of cybersecurity attacks related to the work-from-home environment. Furthermore, the pandemic has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, the proper functioning of financial and capital markets, foreign currency exchange rates and interest rates, all of which could continue to negatively impact the company. Due to the speed with which the situation is developing, the global breadth of the pandemic's spread and the range of governmental and community reactions, there is uncertainty around the pandemic's ultimate impact and the timing of recovery. Therefore, the pandemic could lead to an extended disruption of economic activity and the impact on the company's results of operations, financial position and cash flows could be material. In addition, the continuation or a resurgence of the pandemic could exacerbate the other risk factors. However, a successful UK vaccination roll-out appears to be helping to mitigate some of these risks.

Competition / market erosion
The company operates in a number of competitive markets and as such the activities of our competitors can adversely affect its performance. The competition can be assessed on brand recognition, product features, reliability, quality, price, delivery, lead times and after sales service.

To mitigate these risks:

The company believes it has sufficiently strong brand equity, exceptional product performance, short lead times, timely delivery, competitive pricing and customer service support to withstand competitor activity across its markets.

STRATEGIC REPORT (continued)

General economic conditions

The company's operations are sensitive to the current uncertain economic conditions due to the Covid-19 pandemic. Our exposure is most notable in the consumer and housing markets in the UK. The UK is growing again but consumer confidence requires a sustained period of rising household incomes to recover to pre-downturn levels. Improved economic conditions would bring benefits given the operational gearing of the company whereas adverse conditions can result in reduced demand for our products. The ongoing implementation of Brexit remains a risk to the company.

To mitigate these risks:

• The company tracks key economic metrics for the markets in which it operates. The data is used to identify early signs of change enabling the company to adjust its strategic plans and modify its investment priorities on a timely basis.

• The company seeks to increase international sales and to reduce individual market dependency.

• The company has implemented the appropriate customs arrangements required to import and export goods between GB and the EU.

Health, safety and environmental

The safety of employees, customers and visitors to our premises is of critical importance, particularly during the Covid-19 pandemic. As a business with a range of activities including manufacturing, retail and off site services, the company is exposed to a number of health and safety risks. The company is committed to adhering to environmental standards set by governments and other organisations. It recognises that an environmental incident could impact on the community in which we operate. Further, the environmental performance and reputation of our products may affect customer demand and the environmental performance of our operations impact profitability and efficiency. New environmental reporting requirements related to UK energy use will come into force this year.

To mitigate these risks:

• We are committed to achieving the highest standards. We conduct regular audits to ensure compliance with relevant laws and regulations. We review both incidents and 'near misses' to establish their root cause.

• We have a health and safety executive committee with a focus on these aspects of the business.

• Accreditation to ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:2007 ensures a framework is in place with clear policies, procedures and audits.

• Our product development and value engineering programmes help ensure product performance is continuously improved, taking advantage of new and emerging technologies.

• Adequate measures have been in place in light of new government rules for protecting the workforce during the Covid-19 pandemic.

• Streamlined Energy and Carbon Reporting ('SECR') disclosures are included in the accounts.

Legal and regulatory

Compliance with laws and regulations is fundamental to the company's success. Changes to laws and regulatory requirements remain a source of both risk and opportunity throughout the company, in particular, changing regulations in the EU and the US, in respect of the energy efficiency of products.

To mitigate these risks:

• The company is committed to compliance with relevant laws and regulations and sees this compliance as central to the operations.

• We monitor the legal and regulatory environment within the countries in which we operate and maintain dialogue with relevant regulatory bodies. We take specialist public policy advice, if required. Management are tasked with ensuring that employees are aware of and comply with regulations and laws specific to their roles.

• In respect of product regulations our design team maintains an ongoing development programme to ensure that our product range remains compliant. This programme produces ever improving products which are also a source of opportunity for the company.

STRATEGIC REPORT (continued)

Employees
The company requires skilled people to enable it to develop fully and exploit new opportunities. A failure to recruit quality personnel in a competitive market and develop existing talent might in time erode our competitive advantage. Further, a failure to plan adequately for succession could also damage the future prospects of the company.

To mitigate these risks:
• The company HR manager oversees the company's people strategy. This includes an annual review of its succession and personal development plans. The Board is kept updated on key issues.

• Remuneration packages including fixed, variable and long-term elements and compensation arrangements are regularly benchmarked to ensure the company's remuneration policy remains in line with market practice.

Suppliers
The company's manufacturing operations require the timely supply of quality parts and materials. Supply chain disruptions can adversely impact the company. Such disruptions include the failure of key suppliers and environmental or industrial accidents. Quality issues in the supply chain can also adversely impact the company as faulty or substandard parts are unacceptable.
To mitigate these risks:
• We closely monitor our supply chain and employ a range of strategies to reduce reliance on individual suppliers and minimise the impact of potential supplier failures.
• We conduct supplier audits to assess compliance with the terms of supply agreements including processes, product specifications and manufacturing conditions.

Foreign currency risk
The company's main transaction exposures are in respect of products manufactured in one currency region and sold in another currency and exposure through the movement in exchange rates on purchases of raw materials and other goods that are not denominated in sterling. These are mainly imports from Asia and the United States of America ('US') which are denominated in US Dollars and imports of component parts from Europe which are denominated in Euros. To mitigate this, the currency outflows are partly offset by inflows of US Dollars relating to UK exports to US markets and inflows of Euros in respect of UK exports to the eurozone respectively. Forward currency contracts may also be used to reduce exposure to variability of foreign exchange rates.

Liquidity and funding risk
The company is part of the Middleby Group and continues to be financed by the Group during the Covid-19 pandemic. The companies within The Middleby Corporation group structure will continue to benefit from the ability to draw funding from the Middleby Corporation multi-currency senior revolving credit facility. On 21 August 2020 The Middleby Corporation completed an amendment to its senior credit facility and issued convertible notes of an aggregate principal amount of $747.5 million. The amended credit agreement will provide for a senior secured credit facility in an aggregate principal amount of $3.1 billion, consisting of (i) a $2.75 billion multi-currency revolving credit facility and (ii) a $350 million term loan facility. The maturity date remains unchanged at 31 January 2025.

Interest rate and cash flow risk
The company's interest rate risk will benefit from the above ability to draw funding from central Middleby committed facilities as part of the refinancing of the senior revolving credit facility. Borrowings issued at variable rates are partially offset by cash held at various rates. The company will continue to analyse its interest rate exposure on a regular basis and calculate the impact on the profit and loss for a defined interest rate shift.

Credit and price risk
The company monitors closely the availability of trade finance to its customers and suppliers. The ability for the company and its principal operations to maintain trade credit insurance on our customers is

STRATEGIC REPORT (continued)

Credit and price risk (continued)
monitored on an ongoing basis. Where insurers inform us it is their intention to withdraw or reduce trade credit insurance cover on our customers we undertake detailed analysis on commercial and financial information available and actively manage the terms of trade with any such customers as appropriate. In addition, the ability of our suppliers to maintain credit insurance on the company and its principal operations is an important issue. We have excellent relationships with our suppliers and we continue to work closely with them on a normal commercial basis. There are no significant concentrations of credit risk within the company. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the balance sheet date. The company's operations are exposed to risk in the price movement of key raw materials and energy. The company's operations manage these risks via naturally hedged two year fixed price contracts for gas and electricity, with one contract expiring each year. With regard to steel there is a one year partially fixed steel supply contract in place. The company continues to review exposure to any remaining commodity risk and mitigates these risks wherever possible.

Section 172(1) statement

This section serves as the section 172 statement and should be read in conjunction with the Strategic Report above on pages 1 to 5. Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. The directors continue to have regard to the interests of the company's employees and other stakeholders, including the impact of its activities on the community, the environment and the company's reputation, when making decisions. Acting in good faith and fairly between members, the directors consider what is most likely to promote the success of the company for its members in the long term. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail how the Board engages with stakeholders thus seeking to comply with the requirement to include a statement setting out how the directors have discharged this duty.

- The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172 of the Companies Act 2006. To ensure the company was operating in line with good corporate practice, all directors received guidance on the scope and application of section 172. This focused activity allowed the Board to reflect on how the Company engages with its stakeholders and opportunities for enhancement in the future.
- Those designated as 'senior management' within the company support the Board with their duties and decision making. The senior management, comprises the senior functional management roles and together is comprised of those with day to day responsibility for interacting with the company's principal stakeholders. It is envisaged that this management structure will further enhance consideration of stakeholder interests in decision making at both Board and management level. The senior management meet regularly to discuss principal decisions in order to maintain the company's reputation for high standards of business conduct.
- The Board regularly reviews the principal stakeholders and how they engage with them. The stakeholder voice is brought into the boardroom through information provided by senior management and also by direct engagement with stakeholders themselves. In the Strategic Report, we set out our principal stakeholders, how and why we engage and detail engagement outcomes. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.
- The Board continues to enhance its methods of engagement with the workforce as described above and with the use of the company's intranet.
- We aim to work responsibly with our suppliers as described above.
- The Board has overseen the implementation of measures to ensure that stakeholder interests are always taken into account. Papers prepared by senior management for Board approval highlight relevant stakeholder considerations to be considered as part of the debate when making decisions. As required, the senior management will provide support to the Board to help ensure that sufficient consideration is given to stakeholder issues particularly during the current Covid-19 pandemic.
- The Board considers the impact of the company's operations on the community and the environment as described above in the Strategic Report.

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Reporting 'SECR'

AGA Rangemaster Limited is classified as a large unquoted company within the SECR regulations and is therefore required to include a SECR statement.

Methodology

The company has chosen the tCO_2e per £million revenue intensity ratio as the best representative of its efficiency performance. The total company energy use per energy type was collated in kWh and converted to tCO_2e using UK government emission conversion factors for greenhouse gas company reporting (2019). The SECR report covers all UK energy use including transport. Data has been collated from the three manufacturing sites and one distribution site in England.

Base year

A base year has been set as 1 January 2018 through to 31 December 2018 and will roll forward annually in line with the financial year dates.

Energy types

- Electricity
- Natural gas
- Transport diesel

Energy data

The table below shows the energy kWh consumption together with tCO_2e for both the base year and current financial reporting period. tCO_2e has been calculated using government conversion factors (2019):

	Base Year		Current Year	
Energy type	**tCO_2e**	**kWh**	**tCO_2e**	**kWh**
1- Electricity	3,456	13,521,364	2,618	10,243,554
2- Natural gas	3,818	20,764,404	3,993	21,717,677
3- Transport diesel	1,082	4,424,952	997	4,089,837
Total	**8,356**	**38,710,720**	**7,608**	**36,051,068**

Base year - Current year CO_2e and kWh split by fuel types

There has been an overall reduction in our CO_2e of 748 tonne equivalent. The company has reduced its CO_2e produced in the following areas:

- Electricity 838 tonne reduction
- Transport fuel 85 tonne reduction

There has been a slight increase of our gas consumption at all of our sites due to the extreme low temperatures during the winter of 2020 and drop in production efficiency related to Covid-19.

- Natural gas 175 tonne increase.

Intensity ratio

Our intensity ratio has been defined as Tonne CO_2e per £million of revenue. We have decreased our tCO_2e from our 2018 base year by 748 Tonne CO_2e, This has increased our intensity ratio by 0.38.

	Revenue	Total tCO_2e	Intensity ratio tCO_2e per £million
Base year	£126,239k	8,356	66.19
Current year	£114,286k	7,608	66.57

Intensity ratio

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Report (continued)

Energy efficiency action

Our CO_2 emissions have reduced by 748 tonne. This is largely due a 3,300,000 kWh reduction in our electricity consumption at our three production sites equating to 838 tCO_2e. We have implemented recommendations highlighted within our 2019 ESOS audit report together with other internally identified efficiency changes. These include:

- The fitting of LED high efficiency lighting within all our production areas - AGA Telford will soon become the first manufacturing facility to have LED installed throughout the whole site;
- Fitting occupancy sensors in areas of low use;
- The removal of older presses;
- Prioritising newer more efficient equipment during production planning.

Other energy saving initiatives include:

- The introduction of hybrid and fully electric road vehicles where practical;
- Group Climate Change Agreement;
- ESOS reports;
- Membership of the Confederation of British Metalforming;
- Green energy purchasing policy.

The challenge for 2021 and beyond is to continue our journey to becoming carbon neutral identifying sustainable opportunities and projects that we can commit to that will provide a significant reduction in our Carbon Footprint and align our business with the Governments 2050 commitment.

The effects of Covid-19 on energy efficiency

The Covid-19 epidemic has affected our energy efficiency in a number of ways, however the main driver has been the reduction in sales. The lower throughput of items through both the manufacturing and assembly lines inevitably means that we use more energy per component or finished item. An increase in staff illness due to Covid-19 has also effected the production area efficiency.

This report was approved by the Board and signed on its behalf by:

MM Lindsay
Director
10 September 2021

DIRECTORS' REPORT – COMPANY NO. 3872754

The directors present their report for the year ended 2 January 2021 together with the audited accounts of AGA Rangemaster Limited.

1. Results for the year

The profit and loss account is set out on page 15. The profit for the year after taxation amounted to £12,116k (28 December 2019: profit £6,903k). The directors do not recommend payment of an ordinary dividend (28 December 2019: £nil).

2. Review of activity and future developments

The principal activity of the company continue to be the manufacture, retail, installation and maintenance of kitchen equipment, domestic heating appliances and home and kitchen orientated products.

During December 2019, a new virus COVID-19 emerged in China and infections started to occur across Asia and latterly the rest of the world in the beginning of 2020. On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a pandemic and national governments acted to implement a range of policies and actions to combat the virus and its economic impact to national markets and the global economy. The swift actions the company implemented in response to the COVID-19 pandemic to protect its employees, ensure uninterrupted service to its customers, and aggressively adjust their business and cost structure continue to be essential to the business.

The company's order book is looking healthy for the future. The introduction of a new and refreshed collection of 60cm freestanding cookers and wine cabinets as well as the introduction of the new and improved AGA Cookshop website and new AGA Cookshop cast-iron collections will boost future sales.

3. Research and development

Throughout the year the company has continued its policy of investment in research and development by maximising the use of its internal resources. All manufacturing processes continue to enjoy appropriate levels of development and the Board encourages and supports the introduction of appropriate new technology.

4. Directors and secretary

The directors of the company during the year and to the date of this report were:-
TJ FitzGerald
MM Lindsay
A Zufia
The secretary of the company during the year was New Sheldon Limited.

5. Disabled persons

All applications for employment from disabled persons are given proper consideration and those recruited receive training, career development and promotion as their case warrants. Special attention is given to the particular needs of individuals who become disabled whilst employed by the company; including redeployment to other work if that is necessary and practicable.

6. Employee participation

The company is composed of a number of trading units, comprising of AGA and Rangemaster which have developed individual, mainly informal, methods of communication. In each of these units, as appropriate, employees are provided with information relevant to the negotiations of terms and conditions, rationalisation and development of manufacturing facilities and products. These communications are supplemented by the internal employees' website which gives all employees a detailed explanation of the highlight events during the year.

DIRECTORS' REPORT (continued)

7. Creditor payment policy

AGA Rangemaster Limited is responsible for establishing appropriate policies with regard to the payment of their suppliers. The units agree terms and conditions under which business transactions with suppliers are conducted. It is company policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with agreed terms. It is company policy to ensure that suppliers know the terms on which payment will take place when business is agreed.

The company's trade creditors as at 2 January 2021 equated to 68 days (28 December 2019: 58 days) of related purchases.

8. Directors' qualifying third party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

9. Going concern

A letter of support for the period to at least 30 September 2022 has been provided by the ultimate parent company, The Middleby Corporation. The directors of the company are part of the integrated management team of The Middleby Corporation and therefore have appropriate sight to rely on the letter of support. Given the ongoing financial support of The Middleby Corporation the directors believe it is appropriate to prepare the accounts on a going concern basis. The companies within The Middleby Corporation group structure will continue to benefit from the ability to draw funding from the Middleby Corporation multi-currency senior revolving credit facility. On 21 August 2020 The Middleby Corporation completed an amendment to its senior credit facility and issued convertible notes of an aggregate principal amount of $747.5 million. The amended credit agreement will provide for a senior secured credit facility in an aggregate principal amount of $3.1 billion, consisting of (i) a $2.75 billion multi-currency revolving credit facility and (ii) a $350 million term loan facility. The maturity date remains unchanged at 31 January 2025.

At 2 January 2021, The Middleby Corporation was in compliance with all covenants pursuant to its borrowing agreements. The Middleby Corporation has run various scenarios to estimate the impact of the Covid-19 pandemic and continues to believe that its future cash generated from operations, together with its capacity under its credit facility and its cash on hand, will provide adequate resources to meet its working capital needs, cash requirements and maintain compliance with financial covenants in its credit facility for the period to at least 30 September 2022.

The directors have considered the potential implications of Covid-19 and the measures taken to control it when assessing the entity's ability to continue as a going concern, in particular, by reassessing the recoverable value of intangible and tangible assets, stock and receivables. No adjustments have been made to the financial statements following this review.

10. Auditors

Statement of disclosure to the auditors

The directors who are members of the Board at the time of approving the Directors' Report are listed above. The directors confirm that:

- To the best of the directors' knowledge and belief, there is no relevant audit information of which the company's auditors are unaware, and

- The directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Re-appointment of auditors

In accordance with Section 485 of the Companies Act 2006, Ernst & Young LLP will remain as auditors of the company.

DIRECTORS' REPORT (continued)

11. Risks and uncertainties

In accordance with the Companies Act 2006 section 414c(ii), the disclosure of the principal risks and uncertainties has been included in the Strategic Report.

12. Employee engagement statement

From the perspective of the Board, as a result of the group governance structure, whereby the entity Board is embedded within the group Board, the group Board has taken the lead in carrying out the duties of a Board in respect of the company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the company during the financial year). The Board of the company has also considered relevant matters where appropriate. An explanation of how the group Board has carried out these responsibilities is set out in the Strategic Report, which does not form part of this report.

13. Statement on engagement with suppliers, customers and others in a business relationship with the company

Similarly, from the perspective of the Board, as a result of the group governance structure whereby the entity Board is embedded within the group Board, the group Board has taken the lead in carrying out the duties of a Board in respect of the company's other stakeholders. The Board of the company has also considered relevant matters where appropriate. An explanation of how the directors on the Board have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, is set out in the Strategic Report, which does not form part of this report.

By order of the Board

MM Lindsay
Director
10 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGA RANGEMASTER LIMITED

Opinion

We have audited the financial statements of AGA Rangemaster Limited for the year ended 2 January 2021 which comprise the Profit and Loss Account, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 2 January 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to at least 30 September 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGA RANGEMASTER LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGA RANGEMASTER LIMITED (CONTINUED)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies act 2006) and compliance with relevant direct and indirect tax regulations in the United Kingdom. In addition, the company has to comply with the laws and regulations relating to its operations, including health and safety, employment regulations and general data protection regulations.
- We understood how AGA Rangemaster Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood the controls put in place by management in order to reduce opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by internal team discussion, inquiry of management and those charged with governance. Through these procedures we determined there to be a risk of management of override associated with manipulation of accounts and a fraud risk around revenue recognition. To address the fraud risk identified, we performed an in-depth reasonableness check over revenue. We also tested revenue earned during the year through substantive audit work completed around debtors including cut-off, using testing thresholds to address the risk. In relation to management override, we tested all significant manual journals through transaction testing. We understood controls put in place in the business by management to reduce the opportunities of fraudulent activities.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiries, with no indication of non-compliance identified.

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

Use of our report

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

Ernst & Young LLP

Jane Barwell (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
17 September 2021

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 2 JANUARY 2021

	Note	2 January 2021 £000	28 December 2019 £000
Turnover	2	114,286	126,239
Net operating charges	3	(94,804)	(111,028)
Operating profit before exceptional costs	3	19,482	15,211
Exceptional costs	3	(4,158)	(4,922)
Profit for the year before interest on ordinary activities		15,324	10,289
Net interest receivable and similar income	4	-	98
Profit for the year before taxation on ordinary activities		15,324	10,387
Tax on profit on ordinary activities	8	(3,208)	(3,484)
Profit for the financial year attributable to members of the parent company		12,116	6,903

All activities are continuing.

There were no recognised gains and losses for the current or prior year other than those included in the profit and loss account.

STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Profit and loss £000	Total equity £000
At 29 December 2018	23	132,935	132,958
Total comprehensive income - Profit for the financial year	-	6,903	6,903
At 28 December 2019	23	139,838	139,861
Total comprehensive income - Profit for the financial year	-	12,116	12,116
At 2 January 2021	23	151,954	151,977

BALANCE SHEET

AS AT 2 JANUARY 2021

	Note	2 January 2021 £000	28 December 2019 £000
Fixed assets			
Investments	9	-	-
Intangible fixed assets	10	586	669
Tangible fixed assets	11	12,737	13,720
		13,323	14,389
Current assets			
Stocks	13	19,315	28,118
Assets held for sale	11	-	300
Debtors: amounts falling due after more than one year	14	617	585
Debtors: amounts falling due with one year	14	156,701	126,346
Cash at bank and in hand		569	309
Total current assets		177,202	155,658
Creditors: amounts falling due within one year	15	(37,194)	(28,548)
Net current assets		140,008	127,110
Total assets less current liabilities		153,331	141,499
Provisions for liabilities	16	(1,354)	(1,638)
Net assets		151,977	139,861
Capital and reserves			
Share capital	18	23	23
Profit and loss account	19	151,954	139,838
Total shareholders' funds		151,977	139,861

The financial statements on pages 15 to 29 were approved by the Board of Directors on 10 September 2021 and were signed on its behalf by:

MM Lindsay
Director

1. Accounting policies

Statement of compliance
AGA Rangemaster Limited is a limited liability company incorporated in England and Wales. The Registered Office is Meadow Lane, Long Eaton, Nottingham, NG10 2GD.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 2 January 2021.

Basis of preparation
The financial statements of AGA Rangemaster Limited were authorised for issue by the Board of Directors on 10 September 2021. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency and rounded to the nearest thousand pounds (£000), except where otherwise stated. The company has prepared its annual report and financial statements as at 2 January 2021 so it is in line with its parent company's reporting period end which is the Saturday closest to the year end. Therefore comparative amounts presented in the financial statements are not entirely comparable.

Exemptions taken
A consolidated Group cash flow statement has been included in The Middleby Corporation consolidated accounts; the company has therefore taken advantage of the exemption under FRS 102 not to produce a cash flow statement. In addition, the company has taken advantage of the exemption permitted by FRS 102 not to disclose any transactions or balances with entities that are wholly owned by The Middleby Corporation.

Critical accounting estimates and judgements
The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions and conditions. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Impairment of non-financial assets - where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budgets. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Tax - provisions for tax accruals require judgements on the interpretation of tax legislation, developments in tax case law and the potential outcomes of tax audits and appeals. In addition, deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which they can be utilised. Judgement is required as to the amount that can be recognised based on the likely amount and timing of future taxable profits together with future tax planning strategies. Deferred tax balances are dependent on management's expectations regarding the manner and timing of recovery of the related assets.

Stock and rebates - balances are assessed for impairment at the year-end which involves a degree of estimation and judgement based on management's historical experience and expectation of future events.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies (continued)

Goodwill

Goodwill, being the difference arising between the purchase consideration and the fair value of the net assets acquired in the year, has been capitalised, classified as an asset on the balance sheet and then amortised on a straight line basis over its remaining useful life. The carrying value of goodwill is reviewed annually for impairment and when events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development

All research and development expenditure is written off in the year in which it is incurred.

Pension costs

The company participates in the AGA Rangemaster Group Pension Scheme. The FRS 102 disclosures of the AGA Rangemaster Group Pension Scheme are shown in the accounts of ARG Corporate Services Limited. AGA Rangemaster Limited cannot identify its share of the underlying assets and liabilities of the company scheme.

As a result the contributions payable in the year are accounted for as if they were a defined contribution scheme. The amount charged to the profit and loss account is the contributions payable in the year.

Fixed assets

Depreciation is provided on tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows:

- Freehold buildings over 50 years.
- Plant, machinery and equipment over a period of 3 to 12.5 years.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Asset in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Stocks

Stocks are valued at the lower of cost, on a first in first out basis, and net realisable value, based on estimated selling price less any further costs expected to be incurred to completion and disposal. Cost includes a proportion of production overheads based on normal levels of activity. Provision is made for obsolete and slow moving items.

Foreign currencies

The company's functional currency and the presentation currency is pounds sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover

Turnover which excludes value added tax, discounts, rebates and intra-divisional sales represent the invoiced value of goods and services supplied to customers. Turnover is recognised from the sale of goods when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

Provisions

Provision is made for the estimated liability on all products still under warranty. Product warranties of between 1 and 3 years are given, where appropriate. A provision is recognised when a legal or constructive obligation arises, as a result of a past event and it is probable that an economic benefit will be required to settle the obligation.

Other intangibles

Other intangibles include brands which have been identified in certain business combinations and are amortised on a straight line basis over their estimated lives. Brands are assessed for impairment on an annual basis or sooner where there is an indication of impairment and are amortised over their estimated useful life of 10 years.

Assets held for sale

Property, plant and equipment held for sale is transferred to current assets held for sale at the expected realisable amount.

Trademark license

Trademark licenses are capitalised and are amortised over the period of the license. They are reviewed for impairment annually.

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies (continued)

Investments

Investments in subsidiaries are held at cost less provisions for impairment and reviewed for impairment annually or where there are indicators of impairment.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are items that are material either because of their size or their nature, or that are nonrecurring are considered as exceptional items and are presented within the line items to which they best relate.

Going concern

A letter of support for the period to at least 30 September 2022 has been provided by the ultimate parent company, The Middleby Corporation. The directors of the company are part of the integrated management team of The Middleby Corporation and therefore have appropriate sight to rely on the letter of support. Given the ongoing financial support of The Middleby Corporation the directors believe it is appropriate to prepare the accounts on a going concern basis. The companies within The Middleby Corporation group structure will continue to benefit from the ability to draw funding from the Middleby Corporation multi-currency senior revolving credit facility. On 21 August 2020 The Middleby Corporation completed an amendment to its senior credit facility and issued convertible notes of an aggregate principal amount of $747.5 million. The amended credit agreement will provide for a senior secured credit facility in an aggregate principal amount of $3.1 billion, consisting of (i) a $2.75 billion multi-currency revolving credit facility and (ii) a $350 million term loan facility. The maturity date remains unchanged at 31 January 2025.

At 2 January 2021, The Middleby Corporation was in compliance with all covenants pursuant to its borrowing agreements. The Middleby Corporation has run various scenarios to estimate the impact of the Covid-19 pandemic and continues to believe that its future cash generated from operations, together with its capacity under its credit facility and its cash on hand, will provide adequate resources to meet its working capital needs, cash requirements and maintain compliance with financial covenants in its credit facility for the period to at least 30 September 2022.

The directors have considered the potential implications of Covid-19 and the measures taken to control it when assessing the entity's ability to continue as a going concern, in particular, by reassessing the recoverable value of intangible and tangible assets, stock and receivables. No adjustments have been made to the financial statements following this review.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

NOTES TO THE ACCOUNTS (continued)

2. Segmental analysis

In the opinion of the directors the company has one principal activity as described in the Strategic Report. Turnover and profit before taxation primarily arose in the UK.

Turnover by customer location	2 January 2021 £000	28 December 2019 £000
United Kingdom	96,234	110,173
North & South America	1,851	1,449
Rest of World	16,201	14,617
Total overseas	18,052	16,066
Total turnover	114,286	126,239

3. Net operating charges

	2 January 2021 £000	28 December 2019 £000
Turnover	114,286	126,239
Operating profit	(19,482)	(15,211)
Net operating charges	94,804	111,028
Other income	(5,135)	(822)
Raw materials and consumables	49,389	51,439
Other external charges	2,269	2,199
Staff costs (see note 5)	29,603	30,967
Depreciation of tangible fixed assets (see note 11)	1,784	1,888
Intangibles amortisation (see note 10)	83	6,400
Other operating charges	16,811	18,957
Net operating charges	94,804	111,028

Net operating charges include warranty and other external charges as well as the following charges / (credits):	2 January 2021 £000	28 December 2019 £000
Operating lease rentals:		
Hire of plant, equipment and vehicles	420	512
Land and buildings	1,498	1,409
(Profit) / loss on foreign exchange differences	(2)	71
Auditors' remuneration – statutory audit services from primary auditors	176	165
Research and development costs written off	510	625
Coronavirus Job Retention Scheme grants received	(4,266)	-
Management recharge	824	-
Loss / (profit) on the disposal of fixed assets	34	(2)

Exceptional costs amounted to £4,158k (28 December 2019: £4,922k) of which £3,597k (28 December 2019: £3,453k) related to the AGA Rangemaster Group's defined benefit pension scheme in which the company participates, £561k (28 December 2019: £1,215k) related to restructuring costs and in 2019 there was a further write down of £254k to the Coalbrookdale asset held for sale.

NOTES TO THE ACCOUNTS (continued)

3. Net operating charges (continued)

Government grants - The company has received £4,266k of cash payments from the government to compensate for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough under the Coronavirus Job Retention Scheme (CJRS). The company has also received retail grants under the Retail, Hospitality and Leisure Grant Fund (RHLGF) of £460k which have also been included in other income.

4. Net interest receivable and similar income

	2 January 2021 £000	28 December 2019 £000
Interest on tax	-	98
Net interest receivable and similar income	-	98

5. Employees

a) Staff costs, including executive directors:

	2 January 2021 £000	28 December 2019 £000
Wages and salaries	25,432	26,384
Social security costs	2,322	2,586
Pension costs (see below)	1,849	1,997
Total staff costs (note 3)	29,603	30,967

b) Numbers employed

The average number of persons employed by the company including executive directors during the year is analysed below:

	2 January 2021 Number	28 December 2019 Number
Production	525	516
Selling and distribution	185	193
Administration	73	98
	783	807

NOTES TO THE ACCOUNTS (continued)

6. Pension costs

The company participates in the AGA Rangemaster Group Pension Scheme, which covers the majority of UK employees. This scheme includes members on a defined benefit basis of pension provision and members on a defined contribution basis of pension provision and the assets of the schemes are held in funds separate from the Group's assets. The Group Scheme is closed to new entrants but existing members will continue to accrue benefits while in pensionable service up to 5 April 2021 from when the Scheme will close to future accrual. The FRS 102 disclosures of the AGA Rangemaster Group Pension Scheme as at 2 January 2021 are shown in the accounts of ARG Corporate Services Limited. The deficit of the AGA Rangemaster Group Pension Scheme as at 2 January 2021 is £325,944k (28 December 2019: £205,217k) as shown in the accounts of ARG Corporate Services Limited.

AGA Rangemaster Limited cannot identify its share of the underlying assets and liabilities of the company scheme on a reasonable and consistent basis. The company is also joint and severally liable for other employees in the pension scheme, who are not employed by the company.

There is a £489k (28 December 2019: £542k) charge to the profit and loss account for contributions to the defined contribution schemes and £1,360k (28 December 2019: £1,455k) for the company's proportion of the contributions towards the defined benefit pension scheme, which form part of the full disclosures shown in the accounts of ARG Corporate Services Limited as at 2 January 2021. Additional deficit contributions due to funding deficiencies and associated costs of £3,597k (28 December 2019: £3,453k) were paid into the defined benefit pension scheme in the year which are included as exceptional costs.

7. Directors' emoluments

TJ FitzGerald, MM Lindsay and A Zufia are paid by The Middleby Corporation. These directors neither received nor waived any emoluments in respect of their services to the company during the year (28 December 2019: £nil). The directors of the company are also, or have been, directors of one or more of the companies in the Group. The directors do not believe that it is practicable to apportion their emoluments between their services as directors of this company and their services as directors of other companies in the Group. No retirement benefits are accruing for directors (28 December 2019: £nil) under the company's defined benefit pension scheme as at 2 January 2021.

8. Tax on profit on ordinary activities

	2 January 2021 £000	**28 December 2019 £000**
United Kingdom corporation tax on the profit for the year	2,876	3,139
Adjustments in respect of prior periods	350	233
Total current tax	3,226	3,372
Origination and reversal of timing differences	(18)	82
Adjustments in respect of prior periods	-	30
Deferred tax (note 17)	(18)	112
Total taxation charge	3,208	3,484

NOTES TO THE ACCOUNTS (continued)

8. Tax on profit on ordinary activities (continued)

Factors affecting future tax charges

An increase in the UK Corporation tax rate to 19% from 1 April 2020 was substantively enacted on 17 March 2020. Accordingly, this rate has been applied in the measurement of deferred tax assets and liabilities at 2 January 2021. A further increase in the UK Corporation tax rate to 25% from 1 April 2023 was substantively enacted on 24 May 2021. As this tax rate had not been substantively enacted at the balance sheet date it has not been applied in the measurement of deferred tax assets and liabilities as at 2 January 2021. The effect of this change in tax rate would be an increase in the deferred tax asset as at 2 January 2021 of £195k. .

The tax assessed for the year is higher (28 December 2019: higher) than the standard rate of corporation tax in the UK of 19% (28 December 2019: 19%) as explained below:

	2 January 2021 £000	28 December 2019 £000
Profit on ordinary activities before tax	15,324	10,387
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (28 December 2019: 19%)	2,912	1,974
Effects of:		
- non-deductible expenses including goodwill amortisation	17	1,257
- adjustment in respect of prior years	350	263
- re-measurement of deferred tax – change in UK tax rate	(71)	(10)
Total tax charge	3,208	3,484

9. Investments

	2 January 2021 £000	28 December 2019 £000
Cost		
At beginning of year	-	4,546
Dissolved	-	(4,546)
At end of year	-	-
Provision		
At beginning of year	-	4,546
Dissolved	-	(4,546)
At end of year	-	-
Net book value	-	-

The company's wholly owned subsidiary was AFG Management Limited (formerly AGA Living Limited), a dormant company registered in England and Wales. The company was dissolved on 16 September 2019.

NOTES TO THE ACCOUNTS (continued)

10. Intangible fixed assets

	Goodwill £000	Other £000	Trademark license £000	Total £000
Cost				
At beginning of year	138,000	835	28,124	166,959
At end of year	138,000	835	28,124	166,959
Amortisation				
At beginning of year	137,748	418	28,124	166,290
Charge for the year	-	83	-	83
At end of year	137,748	501	28,124	166,373
Net book value				
At end of year	252	334	-	586
At beginning of year	252	417	-	669

Goodwill is being amortised over its remaining useful life and other intangibles include brands which have been identified in certain business combinations are amortised over 10 years.

NOTES TO THE ACCOUNTS (continued)

11. Tangible fixed assets

	Freehold land and buildings £000	Plant, machinery & equipment £000	Assets in course of construction £000	Total £000
Cost				
At beginning of year	4,740	61,706	405	66,851
Additions	-	835	-	835
Transfer	-	405	(405)	-
Disposals	-	(788)	-	(788)
At end of year	4,740	62,158	-	66,898
Depreciation				
At beginning of year	754	52,377	-	53,131
Charge for the year	23	1,761	-	1,784
Disposals	-	(754)	-	(754)
At end of year	777	53,384	-	54,161
Net book value				
At end of year	3,963	8,774	-	12,737
At beginning of year	3,986	9,329	405	13,720

The remaining freehold land and buildings relating to the Coalbrookdale site were impaired by £600k in 2018 and £254k in 2019. These assets were transferred to assets held for sale in 2018 where they were held at £300k at 28 December 2019. The sale of the land was completed in August 2020 for £300k.

12. Commitments

Capital commitments:

	2 January 2021 £000	28 December 2019 £000
Contracted for, but not provided for in the accounts	930	620

Operating lease commitments:

	Land & buildings 2 January 2021 £000	Others 2 January 2021 £000	Land & buildings 28 December 2019 £000	Others 28 December 2019 £000
Future minimum total rentals under non -cancellable operating leases are as follows:				
Within one year	1,194	477	1,236	-
Between one and two years	1,099	437	1,212	867
Between two and five years	2,913	441	3,103	469
More than five years	2,844	-	3,769	559
	8,050	1,355	9,320	1,895

Other lease commitments include plant, equipment and vehicles.

NOTES TO THE ACCOUNTS (continued)

13. Stocks

	2 January 2021 £000	28 December 2019 £000
Raw materials and consumables	5,117	6,198
Work in progress	5,525	6,145
Finished goods and goods for resale	8,673	15,775
Total stocks	19,315	28,118

14. Debtors

	2 January 2021 £000	28 December 2019 £000
Amounts falling due after more than one year		
Deferred tax (note 17)	617	585
Total debtors falling due after more than one year	617	585
Amounts falling due within one year		
Trade debtors	16,444	16,663
Amounts owed by the company's holding company and fellow subsidiaries	138,869	107,818
Deferred tax asset (note 17)	-	14
Other debtors	81	41
Prepayments and accrued income	1,307	1,810
Total debtors falling due within one year	156,701	126,346
Total debtors	157,318	126,931

The amounts owed by the company's holding company and fellow subsidiaries are repayable on demand and are interest free.

15. Creditors

	2 January 2021 £000	28 December 2019 £000
Amounts falling due within one year		
Trade creditors	15,149	13,936
Amounts owed to the company's holding company and fellow subsidiaries	1,019	171
Corporation tax	8,476	6,525
Other taxes and social security	412	399
Other creditors	6,429	3,443
Accruals and deferred income	5,709	4,074
Total creditors falling due within one year	37,194	28,548

Other creditors include £1,735k in relation to the Covid-19 VAT Deferral Scheme.

NOTES TO THE ACCOUNTS (continued)

16. Provisions for liabilities

	Warranty provisions £000
At beginning of year	1,638
Utilised in year	(1,603)
Charge in year	1,319
At end of year	1,354

Warranty provision

Provision is made for the estimated liability on all products still under warranty. Product warranties of between 1 and 3 years are given, where appropriate for the company's main products. The majority of the provision will be utilised within the next accounting period although the exact timing is unknown.

17. Deferred taxation

Deferred tax asset	Fixed asset timing differences £000
At beginning of year	599
Credit in year	18
At end of year	617

	2 January 2021 £000	28 December 2019 £000
Amounts falling due after one year:		
Fixed asset timing differences	617	585
Amounts falling due within one year:		
Fixed asset timing differences	-	14
Deferred tax asset	617	599

At 2 January 2021 the company had unused capital losses of £126k (2019: nil) on which no deferred tax has been recognised (2019: nil). The deferred tax asset is expected to increase by £96k during 2021. This relates to fixed asset timing differences.

NOTES TO THE ACCOUNTS (continued)

18. Called up, allotted, issued and fully paid share capital

	2 January 2021 £000	28 December 2019 £000
Ordinary shares		
At beginning and end of year		
236,948,407 ordinary shares of £0.0001 each	23	23

19. Reserves

Profit and loss account

The company records share capital reductions through the profit and loss account in the Statement of Changes in Equity.

20. Contingencies and guarantees

The company is jointly and severally liable under a Group VAT registration scheme. At the end of the year there was a net Group liability of £2,964k (28 December 2019: £2,424k) for quarter 4 and £1,967k in relation to the Covid-19 Vat Deferral Scheme of which the company's share was included in other creditors. Other Group companies are in a repayment position.

The company has Duty Deferment Guarantee dated 27 July 2021 in favour of HM Revenue and Customs for £400k.

21. Related party transactions

As the company is a wholly owned subsidiary it has taken advantage of the exemption permitted by FRS 102 not to disclose any transactions or balances with entities that are part of The Middleby Corporation.

22. Ultimate holding company

The company's immediate parent company is AGA-Rayburn Limited which is registered in England and Wales.

The smallest Group of which the company is a member and for which Group financial statements are prepared is The Middleby Corporation.

The company's ultimate holding company and controlling party is The Middleby Corporation, a company incorporated and registered in Delaware, USA. Copies of the consolidated accounts can be obtained from the company at 1400 Toastmaster Drive, Elgin, Illinois, 60120, USA.