

Enodis Group Limited

Report and Financial Statements

Year ended

31 December 2016

Company Number 04330202

This is a copy of the consolidated financial statements of Enodis Group Limited, for which Merrychef Limited is a wholly owned subsidiary. Refer to Note 11 for the disclosure required by Section 479A(2). 2739846



Enodis Group Limited
Report and financial statements
for the year ended 31 December 2016

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Directors

A D Gray
G P B Veal

Secretary and registered office

Prima Secretary Limited, St. Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX

Company number

04330202

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Enodis Group Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2016. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Business review and principal activities

The principal activities of the consolidated Group are the manufacture and sale of commercial catering and foodservice equipment and drink dispensing equipment, including equipment brought in from fellow group undertakings. The Group also has a property development company.

The Company principally acts as an intermediate investment holding company.

In early 2015 The Manitowoc Company Inc. announced its intention to split itself into two separate publicly quoted entities, namely The Manitowoc Company Inc. (the Cranes business) and Welbilt Inc. (formerly known as Manitowoc Foodservice Inc) (the Foodservice business). This was effected on 4th March 2016.

The separation process involved a number of organizational changes to allow the business to separate cleanly.

In February 2016 the changes affecting the Company were as follows:

- Berisford Holdings Limited distributed £82.0m to the Company.
- The Company distributed £42.0m to Enodis Holdings Limited
- The Company contributed £40.0m receivable to a fellow group undertaking.
- As a result of these changes, the directors reassessed the value of investments held at a Company level, and recognised an impairment totalling £149.2m.

The consolidated statement of comprehensive income for year ended 31 December 2016 is set out on page 7.

Each year the Group undertakes a year-end review of the carrying amounts of loans due from other subsidiaries within the Group and recognises impairment provisions against such balances to reflect instances where there is a net equity deficit in the balance sheets of those counterparties and the directors do not consider the loans to be recoverable. This has resulted in a net impairment of £16.8m (2015: impairment of £30.9m). The Group also reviews internal financing arrangements which may result in intercompany loans being repaid, capitalised, distributed or waived as appropriate.

The directors do not recommend the payment of a final dividend (2015: £10.0m).

Principal risks and uncertainties

Throughout the year, the Group identifies and reviews potential risk and uncertainties that could have a material impact on performance and has put in place internal processes and controls designed to mitigate these risks. Detailed planning processes and contingency plans are in place for adverse change to macro-economic conditions. Appropriate review and development processes are followed for all employees including for succession. The principal risks the Group is exposed to are as follows:

Liquidity risk

The Group is a participant in the group treasury function which has the objective of maintaining a balance between continuity of funding and appropriately investing in the money markets. All cash management is performed centrally and the Group's cash position is monitored weekly.

Credit Risk

The Group is exposed to credit risk on its debtor balances and cash at bank. Debtors are assessed for credit worthiness prior to credit being advanced and cash is only placed with reputable financial institutions. Subsequently, the directors review the carrying value of debtor balances with reference to the credit worthiness and financial position of the counterparties regularly.

Enodis Group Limited

Strategic report
for the year ended 31 December 2016 (continued)

Principal risks and uncertainties (continued)

Price risk/competitive market risk

The Group is exposed to commodity price risk. The Group does not manage locally its exposure to commodity price risk due to cost benefit considerations but benefits from such hedges as may from time to time be taken out at group level

Foreign exchange risk

Foreign exchange risk is mitigated by taking forward cover through the corporate treasury function based in USA for any potential exposures.

Business Risk

The Group is exposed to business risk through its onerous leases. Management works closely with property consultants to manage ongoing obligations and the leases. The directors' exercise significant judgement in estimating the future costs forming part of onerous lease provisions.

Going concern

The Company has a commitment from its ultimate parent company that it will not demand repayment of any intercompany loans for a period of at least twelve months after the signing of these financial statements, if such repayment would leave the Company unable to meet its other liabilities. In addition, the ultimate parent company has confirmed that it will continue to provide financial support as necessary. As a consequence, the directors believe that the Company is well placed to manage its business risk successfully despite the current uncertain economic outlook. After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and the financial statements.

Key performance indicators

Financial key performance indicators are employed and the directors are satisfied that the following KPI's reflect the progress of the business:

	2016	2015
Growth of sales	7%	2%
Gross margin %	28%	24%
Inventory turns	9.0	10.0

Approval

This strategic report was approved on behalf of the Board on

25/09/17



A D Gray

Director

Enodis Group Limited

Report of the directors for the year ended 31 December 2016

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

Directors

The directors who held office during the year and to date were as follows:

M DeLon Jones – resigned 1st February 2017
A D Gray
G P B Veal

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and exist at the date of this report.

Financial risk management objectives and policies

The Group's financial risk management objectives and policies have been included within the Strategic report on page 1 under principal risks and uncertainties.

Employees

Regular meetings are held with employees to give information and to obtain their views on matters affecting the performance of the company, future developments and the economic factors affecting the business together with news of the Group's competitors.

Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status. Full consideration is given to the employment, training and career development of disabled persons subject only to their aptitudes and abilities.

It is the policy of the Group that the training, career development and promotion prospects should, so far as is possible, be identical for all employees.

Training and development

We constantly strive to retain and develop our employees in order to maintain a continuity of excellence in our service, which is the bedrock of our relationship with our customers. Additionally we are constantly looking to attract new quality staff whenever the opportunities arise.

We have a policy of encouraging our existing employees to undertake and participate in appropriate training programs, particularly health and safety, risk assessment work, parts-identification, technical service and management and leadership development.

Research and development

The Group continues to invest in research and development. This has resulted in improvements in and development of new and existing products in cooking equipment and beverage dispensing. These costs are typically expensed.

Enodis Group Limited

Report of the directors for the year ended 31 December 2016 (*continued*)

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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

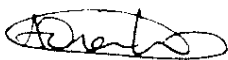
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, BDO LLP, are deemed to have been reappointed in accordance with section 487 of the Companies Act 2006.

On behalf of the Board



A D Gray

Director

25/09/17

Enodis Group Limited

Independent auditor's report

TO THE MEMBERS OF ENODIS GROUP LIMITED

We have audited the financial statements of Enodis Group Limited for the year ended 31 December 2016 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Balance Sheet, the consolidated and company Statement of Changes in Equity, the consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss 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.

Opinion 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 directors' report have been prepared in accordance with applicable legal requirements.

Enodis Group Limited

Independent auditor's report *(continued)*

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

BDO LLP

Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London

25-9-2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Enodis Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016	2015
		£'m	£'m
Turnover	3	101.3	94.9
Cost of sales		(73.1)	(72.1)
Gross profit		28.2	22.8
Distribution costs		(8.5)	(8.6)
Other administrative expenses		(10.0)	(9.1)
Foreign exchange gains/(losses)		0.8	(3.6)
Impairment of intercompany receivables		(16.8)	(30.9)
Total administrative expenses		(26.0)	(43.6)
Operating loss	4	(6.3)	(29.4)
Interest receivable	7	2.4	2.4
Interest payable	7	(1.5)	(0.4)
Other finance income		-	-
Other finance costs		(0.7)	(0.5)
Loss on ordinary activities before taxation		(6.1)	(27.9)
Taxation on loss on ordinary activities	8	(0.2)	0.2
Loss for the year		(6.3)	(27.7)
Currency translation differences		0.1	3.3
Actuarial gains on defined benefit pension scheme		2.4	0.3
Other comprehensive income for the year		2.5	3.6
Total comprehensive income for the year		(3.8)	(24.1)

The notes on pages 13 to 29 form part of these financial statements.

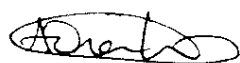
Enodis Group Limited

Consolidated balance sheet at 31 December 2016

<i>Company number: 04330202</i>	Note	2016 £'m	2016 £'m	2015 £'m	2015 £'m
Fixed assets					
Intangible assets	9		1.0		1.3
Tangible assets	10		3.4		3.0
Current assets					
Stocks	12	8.1		7.2	
Debtors	13	310.1		329.5	
Cash at bank and in hand		2.4		1.5	
		320.6		338.2	
Creditors: amounts falling due within one year	14	(83.6)		(53.1)	
Net current assets			237.0		285.1
Total assets less current liabilities			241.4		289.4
Creditors: amounts falling due after more than one year	15		(0.8)		-
Provision for liabilities	16		(4.3)		(5.0)
Pension deficit	17		(10.8)		(13.6)
Net assets			225.5		270.8
Capital and reserves					
Called up share capital	18		-		-
Profit and loss account			225.5		270.8
			225.5		270.8

The financial statements were approved by the Board of Directors and authorised for issue on

25/07/17



A Gray
Director

The notes on pages 13 to 29 form part of these financial statements.

Enodis Group Limited

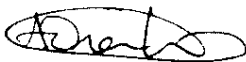
Company balance sheet at 31 December 2016

Company number: 04330202	Note	2016 £'m	2016 £'m	2015 £'m	2015 £'m
Fixed assets					
Investments	11		160.2		269.4
Current assets					
Debtors	13	20.2		26.4	
Cash at bank and in hand		0.2		0.2	
		20.4		26.6	
Creditors: amounts falling due within one year	14	(113.9)		(173.0)	
Net current liabilities			(93.5)		(146.4)
Total assets less current liabilities			66.7		123.0
Pension deficit	17		(10.8)		(13.6)
Net assets			55.9		109.4
Capital and reserves					
Called up share capital	18		-		-
Profit and loss account			55.9		109.4
			55.9		109.4

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements. The company's total comprehensive income for the financial year was £(11.5m) (2015: £(30.6m))

The financial statements were approved by the Board of Directors and authorised for issue on

25/09/17



A Gray
Director

The notes on pages 13 to 29 form part of these financial statements.

Enodis Group Limited
Consolidated statement of changes in equity
For the year ended 31 December 2016

	Share Capital £'m	Profit and loss account £'m	Total equity £'m
1 January 2016	-	270.8	270.8
Comprehensive loss for the year			
Loss for the year	-	(6.3)	(6.3)
Other comprehensive income for the year	-	2.5	2.5
Currency translation adjustments	-	0.5	0.5
Total comprehensive loss for the year	-	(3.3)	(3.3)
Contributions by and distributions to owners			
Dividends	-	(42.0)	(42.0)
Total contributions by and distributions to owners	-	(42.0)	(42.0)
31 December 2016	-	225.5	225.5
1 January 2015	-	294.9	294.9
Comprehensive income for the year			
Loss for the year	-	(27.7)	(27.7)
Other comprehensive income for the year	-	3.6	3.6
Total comprehensive income for the year	-	(24.1)	(24.1)
Contributions by and distributions to owners			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
31 December 2015	-	270.8	270.8

The notes on pages 13 to 29 form part of these financial statements.

Enodis Group Limited
Company statement of changes in equity
For the year ended 31 December 2016

	Share Capital £'m	Profit and loss account £'m	Total equity £'m
1 January 2016	-	109.4	109.4
Comprehensive income for the year			
Loss for the year	-	(95.9)	(95.9)
Other comprehensive income for the year	-	84.4	84.4
Total comprehensive income for the year	-	(11.5)	(11.5)
Contributions by and distributions to owners			
Dividends	-	(42.0)	(42.0)
Total contributions by and distributions to owners	-	(42.0)	(42.0)
31 December 2016	-	55.9	55.9
1 January 2015	-	140.0	140.0
Comprehensive income for the year			
Loss for the year	-	(34.5)	(34.5)
Other comprehensive income for the year	-	3.9	3.9
Total comprehensive income for the year	-	(30.6)	(30.6)
Contributions by and distributions to owners			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
31 December 2015	-	109.4	109.4

The notes on pages 13 to 29 form part of these financial statements.

Enodis Group Limited
Consolidated statement of cash flows
For the year ended 31 December 2016

	Note	Group 2016 £m	Group 2015 £m
Cash flows from operating activities			
Loss for the financial year		(6.3)	(27.7)
Adjustments for:			
Depreciation		2.6	0.9
Amortisation		0.3	0.4
Stock provision		-	0.2
Gain on sale of development work in progress		-	(3.1)
Proceeds from sale of developmental stocks			
Impairment/(reversal of impairment) of intercompany receivables		16.8	30.9
Foreign exchange (gains)/losses		(0.8)	3.6
Other interest receivable and similar income		(2.4)	(2.4)
Interest payable and similar charges		1.5	0.4
Other finance costs		0.7	0.5
Taxation expense		0.2	(0.2)
Decrease in trade and other debtors		18.3	17.2
(Increase)/decrease in stocks		(0.9)	1.3
Decrease in trade and other creditors less than one year		(27.4)	(14.2)
Increase in trade and other creditors greater than one year		0.8	-
Decrease in provisions		(0.5)	(1.2)
Difference between net pension expense and cash contribution		(1.1)	(1.3)
Cash flows from operations		1.7	5.3
Interest paid		-	-
Tax paid		-	-
Net cash from operating activities		1.7	5.3
Cash flows from investing activities			
Proceeds from sale of development stocks		-	4.5
Proceeds from sale of fixed assets		2.2	-
Purchases of tangible fixed assets		(3.0)	(0.7)
Net cash from investing activities		(0.8)	3.8
Cash flows from financing activities		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		0.9	9.1
Cash and cash equivalents at beginning of year		1.5	(7.6)
Cash and cash equivalents at the end of year		2.4	1.5
Cash and cash equivalents comprise:			
Cash at bank and in hand		2.4	1.5
Bank overdrafts		-	-
		2.4	1.5

The notes on pages 13 to 29 form part of these financial statements.

Enodis Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;

This information is included in the consolidated financial statements of Welbilt Inc. as at 31 December 2016 and these financial statements may be obtained from the Secretary at 2227 Welbilt Boulevard, New Port Richey, Florida 34655, USA.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Enodis Group Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2012.

Going concern

The Company has a commitment from its ultimate parent company that it will not demand repayment of any intercompany loans for a period of at least twelve months after the signing of these financial statements, if such repayment would leave the Company unable to meet its other liabilities. In addition, the ultimate parent company has confirmed that it will continue to provide financial support as necessary. As a consequence, the directors believe that the Company is well placed to manage its business risk successfully despite the current uncertain economic outlook. After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and the financial statements.

Enodis Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Turnover arising on the sale of goods is recognised when the risks and rewards of ownership has passed to the customer, which is generally on delivery and it is probable that future economic benefits will flow to the group.

Turnover arising on service contracts is recognised at the time the service is provided.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold improvement	-	Term of lease or 10 years
Plant, machinery and motor vehicles	-	10-33% per annum
Fixtures, fittings, and equipment	-	10-33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

Investments

Investments are held in the Company at cost less permanent diminution in value.

Enodis Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks and development land are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Foreign currency translation

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The Group's consolidated financial statements are presented in sterling to the nearest £0.1m which is the Group's and Company's functional currency.

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight line method to its estimated useful life. Goodwill is being amortised over the directors' estimate of its useful economic life ranging from 3 to 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Enodis Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Pension Costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Enodis Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 *(continued)*

1 Accounting policies *(continued)*

Leases

Operating lease rentals are charged to the profit and loss account as incurred.

Benefits received and receivable as an incentive to sign an operating lease are spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Onerous leases are recognised where the unavoidable costs of a lease exceed the economic benefit expected to be received from it. A provision is made for the present value of the obligation. The expected cash flow include lease obligations, less the sub-letting receipts for properties with sub lease agreements, together with risk weighted cash flows associated with expected extensions of existing subleases.

Dilapidations

Provision for dilapidations is made in respect of the contractual requirement to restore properties at the end of their period of lease to their original state.

Warranty

A provision is made for the anticipated costs of meeting warranty obligations from the point of sale to the end of the warranty period.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Reserves

The Company's reserves include

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Enodis Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Investments and intercompany receivables

The directors review the carrying amounts of investments in relation to the underlying net assets of the subsidiary companies. The directors also recognise impairments on loans due from fellow group companies where the counterparty has a net equity deficit and the directors are of the opinion that the loan may not be recoverable.

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock provision

Management has judged that historic sales and usage of products will reflect their future demand, and that the provisions applied are sufficient to write the products down to the fair value.

Warranty provision

In calculating the provision for warranty costs management has judged that future failure rates will be no worse or better than prevailed during the year, and that the cost of these repairs will not differ to the historic cost of similar repairs.

Dilapidations

The directors review the obligation to reinstate properties currently being leased. Initial estimates are based on prior experience. More detailed surveys are undertaken as the lease termination date approaches.

Pension

The valuation of the pension deficit is determined through the application of a variety of estimates in accordance with the requirements of the Technical Actuarial Standards as determined by the Financial Reporting Council. This work is undertaken on behalf of the directors by a third party firm of actuaries.

3 Analysis of Turnover

	2016 £'m	2015 £'m
Analysis of turnover by country of destination:		
United Kingdom	59.4	53.2
Europe, Middle East and Africa	22.6	17.3
Asia Pacific	5.0	1.4
Americas and Rest of the World	14.3	23.0
	<hr/>	<hr/>
	101.3	94.9
	<hr/>	<hr/>

Enodis Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

4 Operating profit	2016 £'m	2015 £'m
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	2.6	0.9
Amortisation of positive goodwill	0.3	0.4
Audit fees	0.2	0.2
Taxation compliance services	0.2	0.2
Defined benefit pension cost	0.3	0.3
Defined contribution pension cost	0.3	0.3
Plant and machinery – operating lease rentals payable	0.7	0.7
Land and buildings – operating lease rentals payable	0.8	0.9
Research and development – current year expenditure	-	0.1
Gain on disposal of stocks	-	-
	2.6	0.9

The audit fees of £0.2m (2015: £0.2m) and tax fees of £0.2m (2015: £0.2m) include amounts incurred on behalf of its subsidiary undertakings. The amounts attributable to each subsidiary are shown in that company's financial statements.

5 Employees	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Staff costs (including directors) consist of:				
Wages and salaries	16.6	16.5	0.6	0.7
Social security costs	1.5	1.5	0.1	0.1
Cost of defined benefit scheme (see note 17)	0.3	0.3	-	-
Cost of defined contribution scheme	0.6	0.5	-	-
	19.0	18.8	0.7	0.8

The average number of employees (including directors) during the year was as follows:

	2016 Number	2015 Number
Management and administration	75	86
Selling and distribution	87	91
Production and service	256	263
	418	440

The Company had 4 management employees in 2016 (2015: 4).

A defined contribution pension scheme is operated by the group on behalf of the employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £0.6m (2015: £0.5m). There were no outstanding contributions to the fund at the balance sheet date (2015: £nil).

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

6 Directors' remuneration	2016 £m	2015 £m
Directors' emoluments	0.2	0.2
Company contributions to defined contribution pension schemes	-	-
	<u> </u>	<u> </u>

Emoluments of the highest paid director were £198k (2015: £226k). Company pension contributions of £31k (2015: £nil) were made to the defined contribution pension scheme on his behalf.

7 Interest payable and receivable	2016 £m	2015 £m
Interest receivable from group companies	2.4	2.4
Interest payable to group companies	(1.5)	(0.4)
	<u> </u>	<u> </u>
	<u>0.9</u>	<u>2.0</u>

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

8 Taxation on profit on ordinary activities

	2016 £m	2016 £m	2015 £m	2015 £m
<i>Current tax</i>				
Foreign tax		(0.1)		(0.1)
Adjustment in respect of previous periods		-		-
		-----		-----
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	(0.1)		0.9	
Prior year deferred tax	-		(0.6)	
Changes to tax rates	-		-	
		-----		-----
		(0.1)		0.3
		-----		-----
Taxation on profit on ordinary activities		(0.2)		0.2
		-----		-----

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2016 £m	2015 £m
Loss on ordinary activities before tax	(6.1)	(27.7)
	-----	-----
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2014 – 20.25%)	(1.2)	(5.6)
Effects of:		
Non taxable income	(13.2)	(0.1)
Expenses not deductible for tax purposes	16.6	6.7
Depreciation in excess of capital allowances	-	0.1
Net transfer pricing adjustments	1.5	2.9
Group relief claimed for nil consideration	(3.3)	(3.7)
Foreign taxes	(0.1)	0.1
Pension adjustments	(0.2)	(0.2)
Utilisation of tax losses brought forward	(0.2)	-
Adjustments in respect of prior years	(0.1)	-
	-----	-----
Total tax charge for year	(0.2)	0.2
	-----	-----

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

9 Intangible fixed assets - Group

	Patents £m	Goodwill £m	Total £m
<i>Cost</i>			
At 1 January 2016	0.3	3.1	3.4
At 31 December 2016	0.3	3.1	3.4
<i>Amortisation</i>			
At 1 January 2016	0.3	1.8	2.1
Charge for the year	-	0.3	0.3
At 31 December 2016	0.3	2.1	2.4
<i>Net book value</i>			
At 31 December 2016	-	1.0	1.0
At 31 December 2015	-	1.3	1.3

10 Tangible fixed assets - Group

	Leasehold improvement £m	Plant, machinery and motor vehicles £m	Fixtures, fittings and equipment £m	Total £m
<i>Cost:</i>				
At 1 January 2016	2.6	10.0	5.0	17.6
Additions	0.1	2.9	-	3.0
Disposals	-	(0.2)	(2.0)	(2.2)
Reclassification	-	-	-	-
At 31 December 2016	2.7	12.7	3.0	18.4
<i>Depreciation:</i>				
At 1 January 2016	2.1	8.0	4.5	14.6
Charge for the year	0.1	2.4	0.1	2.6
Disposals	-	(0.2)	(2.0)	(2.2)
At 31 December 2016	2.2	10.2	2.6	15.0
<i>Net book value</i>				
At 31 December 2016	0.5	2.5	0.4	3.4
At 31 December 2015	0.5	2.0	0.5	3.0

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

11 Investments - Company	2016 £m	2015 £m
Cost:		
At the beginning of the year	1,254.2	1,254.2
Acquired during the year	40.0	-
Disposed of during the year	(47.8)	-
	<hr/>	<hr/>
At the end of the year	1,246.4	1,254.2
	<hr/>	<hr/>
Impairment:		
At the beginning of the year	984.8	984.8
Disposed of during the year	(47.8)	-
Provided/(released) during the year	149.2	-
	<hr/>	<hr/>
At the end of the year	1,086.2	984.8
	<hr/>	<hr/>
Net book values:		
At the end of the year	160.2	269.4
At the beginning of the year	269.4	269.4
	<hr/>	<hr/>

The directors undertake a detailed review of the net asset positions of the subsidiaries each year, resulting in the impairment provision identified in these financial statements.

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

11 Investments (continued)

The subsidiaries (both direct and indirect) of the Company at the end of the year are:

Company	Country of Incorporation	Proportion of voting rights and ordinary share capital held 2016	Proportion of voting rights and ordinary share capital held 2015
<i>Food equipment</i>			
* Enodis Commercial Foodservice Shanghai Limited	China	100%	100%
Welbilt (Halesowen) Limited (formerly Manitowoc Beverage Systems Limited)	UK	100%	100%
Welbilt UK Limited (formerly Manitowoc Foodservice UK Limited)	UK	100%	100%
<i>Property</i>			
Enodis Investments Limited (00455541)	UK	100%	100%
Enodis Property Developments Limited (00493522)	UK	100%	100%
Enodis Property Group Limited	UK	100%	100%
<i>Corporate</i>			
Beleggingsmaatschappij Interrub BV	Netherlands	100%	100%
Berisford Holdings Limited (02629465)	UK	100%	100%
Berisford (Jersey) Limited	Channel Islands	-	100%
Manitowoc Holdings (UK) Limited (formerly Berisford (Overseas) Limited)	UK	-	100%
Enodis Industrial Holdings Limited (02887689)	UK	100%	100%
Enodis International Limited (02992272)	UK	100%	100%
Enodis Strand Limited	UK	100%	100%
* Glenluce Limited	Isle of Man	100%	100%
Manston Limited	BVI	100%	100%
Merrychef Limited (02739846)	UK	100%	100%
Manitowoc (UK) Limited (formerly S&W Berisford Limited)	UK	-	100%
* TRUpour Limited	Ireland	100%	100%

Subsidiaries marked with * are either in the process of being liquidated or have been liquidated since the balance sheet date. Company registration numbers have been included for those companies that have taken a parent company guarantee for 2016 for audit exemption under Section 479A of the Companies Act 2006.

UK subsidiaries have a registered office at St. Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX

Netherlands subsidiaries have a registered office at Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands

Channel Islands subsidiaries have a registered office at PO Box 197, SG Hambros House, 18 Esplanade, JE4 8PT, Jersey

Isle of Man subsidiaries have a registered office at 2nd Floor, Belgravia house, 34-44, Circular Road, Douglas, Isle of Man

Ireland subsidiaries have a registered office at PMFS, Corraglea, Roscommon, Ireland

British Virgin Island subsidiaries have a registered office at Columbus Centre Building Road Town PO Box 659 British Virgin Islands

Enodis Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

12 Stock

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Raw materials and consumables	4.7	4.4	-	-
Finished goods and goods for resale	3.4	2.8	-	-
Development work in progress - cost	-	-	-	-
	<u>8.1</u>	<u>7.2</u>	<u>-</u>	<u>-</u>

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement value.

Stocks recognised as an expense in the year were £52.1m (2015 - £49.2m).

The charge recognised in the income statement for the period in respect of stock provisions was £nil (2015 - £0.2m).

13 Debtors

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Trade debtors	2.6	2.7	-	-
Amounts owed by parent and fellow subsidiary undertakings	302.9	322.3	20.1	26.3
Other debtors	0.9	0.6	0.1	0.1
Prepayments and accrued income	1.2	1.3	-	-
Deferred tax asset (note 8)	2.5	2.6	-	-
	<u>310.1</u>	<u>329.5</u>	<u>20.2</u>	<u>26.4</u>

All amounts shown under debtors are due or recoverable under one year.

14 Creditors: amounts falling due within one year

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Trade creditors	7.6	8.1	-	-
Amounts owed to group undertakings	69.6	39.3	113.2	172.1
Other creditors	1.0	1.7	0.2	0.2
Accruals and deferred income	4.4	0.2	0.5	0.7
Taxation and social security	1.0	3.8	-	-
	<u>83.6</u>	<u>53.1</u>	<u>113.9</u>	<u>173.0</u>

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

15 Creditors: amounts falling due after one year

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Obligations under finance leases	0.8	-	-	-
	<u>0.8</u>	<u>-</u>	<u>-</u>	<u>-</u>

16 Provisions for liabilities

	Warranty £m	Dilapid- ations £m	Onerous lease £m	Total £m
At 1 January 2016	2.0	0.6	2.4	5.0
Charged to profit or loss	1.9	0.1	0.2	2.2
Utilised in year	(1.7)	(0.1)	(1.1)	(2.9)
	<u>2.2</u>	<u>0.6</u>	<u>1.5</u>	<u>4.3</u>

The company did not require any provisions for liabilities at the beginning or the end of the year.

17 Pensions

Two pension schemes are operated by the Group.

Defined benefit pension scheme

The Company operates a defined benefit pension scheme, namely the Berisford (1948) Pension Scheme. The scheme is managed by a board of trustees accountable to the pension scheme members. The trustees of the fund are required to act in the best interests of the beneficiaries.

There is a stated policy for charging the net defined benefit scheme between those group companies that are a party to the scheme and hence a proportion of the defined benefit scheme assets, liabilities, income and costs are recognised by individual group companies in accordance with that policy.

Pension benefits depend upon age, length of service and salary level.

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2011 and updated to 31 December 2015 and 2016 by a qualified independent actuary. Contributions to the scheme are made by the group based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year-end.

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 *(continued)*

17 Pensions <i>(continued)</i>	2016 £m	2015 £m
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	113.3	118.7
Current service cost	-	0.1
Interest cost	4.1	4.0
Actuarial gains/(losses)	3.6	(3.2)
Benefits paid	(6.1)	(6.3)
Past service costs		
	114.9	113.3
 <i>Reconciliation of fair value of plan assets</i>		
	2016 £m	2015 £m
At the beginning of the year	99.7	104.1
Interest income on plan assets	3.4	3.5
Actuarial gains/(losses)	5.7	(3.2)
Contributions by group	(6.1)	(6.3)
Employer contributions	1.4	1.6
	104.1	99.7
Fair value of plan assets	104.1	99.7
Present value of plan liabilities	(114.9)	(113.3)
	(10.8)	(13.6)
 <i>Amounts recognised in the profit and loss amount are as follows:</i>		
<i>Included in administrative expenses:</i>		
Current service cost	0.3	0.3
Past service cost	-	-
	0.3	0.3
 <i>Amounts included in other finance costs</i>		
Net interest cost	0.6	0.5
	0.6	0.5

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

17 Pensions (continued)

	2016 £m	2015 £m
<i>Composition of plan assets</i>		
European equities	10.0	8.7
European bonds	27.2	23.8
Property	1.0	0.9
Cash	0.3	0.2
Other	65.6	66.1
	<hr/>	<hr/>
Total plan assets	104.1	99.7
	<hr/>	<hr/>
<i>Actual return on plan assets</i>	9.4	0.6
	<hr/>	<hr/>
	2016 %	2015 %
<i>Principal actuarial assumptions used at the balance sheet date</i>		
Discount rates	2.6	3.7
Future salary increases	4.0	4.0
Future pension increases	3.65	3.65
Proportion of employees opting for early retirement		
Inflation assumption	3.25	3.0
Mortality rates		
- for a person aged 65 now	23.6	23.9
- at 65 for a person aged 45 now	26.3	26.0

No employees of the parent company were members of the defined benefit scheme.

Defined contribution scheme

The amount recognised in the profit and loss account as an expense in relation to the group's defined contribution schemes is £0.3m (2015 - £0.3m). There were no amounts owing at the year-end.

Enodis Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

18 Share capital

	2016	2015
	£	£
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1
	1	1
	1	1

19 Commitments under operating leases - Group

The group had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2016 £m	Other 2016 £m	Land and buildings 2015 £m	Other 2015 £m
Not later than 1 year	1.3	0.6	2.0	0.6
Later than 1 year and not later than 5 years	2.3	0.5	4.7	0.8
Later than 5 years	-	-	0.1	-
	3.6	1.1	6.8	1.4
	3.6	1.1	6.8	1.4

The company had no commitments under non-cancellable operating leases as at the balance sheet date.

20 Related party disclosures

The Company is a wholly owned subsidiary of Welbilt Inc. and has taken advantage of the exemption conferred under FRS 102 not to disclose transactions with Welbilt Inc. or other wholly owned subsidiaries within the group.

21 Subsequent events

There are no events subsequent to the reporting date.

22 Ultimate parent company

The company's immediate parent is Enodis Holdings Limited, a company incorporated in England and Wales.

The Directors regard Welbilt Inc., a company incorporated in Delaware, USA, as the ultimate parent company and controlling entity. Welbilt Inc. is the largest group which prepares consolidated results and of which the Company forms a part. Copies of the financial statements of Welbilt Inc. for the year to 31st December 2016 can be obtained from the Secretary at 2227 Welbilt Boulevard, New Port Richey, Florida 34655, USA.