

MERRYCHEF LIMITED

Report and Financial Statements

Year ended 30 September 2003



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REPORT AND FINANCIAL STATEMENTS 2003

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REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Blades
R G Gale
D R Hooper (appointed 1 May 2003)
P Lee
D McCulloch
N Thorneywork
G P B Veal

SECRETARY

D R Hooper

REGISTERED OFFICE

Station Road West
Ash Vale
Aldershot
Hampshire
GU12 5XA

BANKERS

Bank of Scotland plc
144-148 High Street
Southampton
SO14 2JF

SOLICITORS

Charles Russell
Buryfields House
Bury Fields
Guildford
Surrey
GU2 4AZ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Reading

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30 September 2003.

PRINCIPAL ACTIVITIES

The company's principal activity is the manufacture, supply and service of commercial microwave and microwave combination ovens.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Directors are pleased to report that the company has achieved an increased level of revenue for the year to 30 September 2003. Operating profits have fallen, however, due to an increased cost base as the company positions itself for future growth. Operating profits were affected by the change in the basis of warranty provisioning to be in line with group policies in the year.

The directors have not declared a dividend for the year (2002: £nil).

RESEARCH AND DEVELOPMENT

As in previous years our commitment to product development and innovation resulted in continuing strong sales for the Merrychef range.

DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. Changes in the membership of the Board during the year are as follows:

D Hooper (appointed 1 May 2003)
R Toner (resigned 30 April 2003)

No director had any interest in the shares of any group company at any time during the year, except the ultimate parent company Enodis Plc.

The following directors serving at the year-end held shares in Enodis Plc.

	As at 30 September 2003 Ordinary shares No.	*As at 30 September 2002 Ordinary shares No.
K Blades	-	-
R Gale	-	-
D Hooper	23,000	23,000
P Lee	26,222	26,222
D McCulloch	67,000	67,000
N Thorneywork	-	-
G P B Veal	-	-
* or date of appointment if later	-	-

DIRECTORS' REPORT (continued)

The following directors serving at the year-end have shares in an Employee Share Ownership Scheme in Enodis Plc as follows:

	As at 1 October 2002	Granted	Exercised	As at 30 September 2003	Exercise price (pence)	Date from which exercisable	Latest expiry date
K Blades	35,087		-	35,087	85.50	20.03.05	20.03.12
	1,962		-	1,962	85.50	20.03.05	20.03.12
		24,000	-	24,000	59.00	22.11.05	22.11.12
R Gale	-	2,000	-	2,000	59.00	22.11.05	22.11.12
D Hooper	76,556		-	Lapsed	Lapsed	03.02.96	03.02.03
	22,328		-	22,328	186.64	31.03.98	30.03.05
	66,689		-	66,689	116.60	01.07.00	30.06.07
	12,349		-	12,349	244.13	03.09.02	02.09.09
	24,699		-	24,699	260.73	03.07.03	02.07.10
	63,455		-	63,455	147.00	21.03.05	20.03.12
	78,607		-	78,607	85.50	21.03.05	20.03.12
		40,000	-	40,000	59.00	22.11.05	22.11.12
P Lee	11,505		-	11,505	260.73	02.07.03	02.07.10
	24,930		-	24,930	260.73	02.07.03	02.07.10
	71,642		-	71,642	147.00	20.03.05	20.03.12
	61,749		-	61,749	85.50	20.03.05	20.03.12
		40,000	-	40,000	59.00	22.11.05	22.11.12
D McCulloch	49,399		-	49,399	116.60	30.06.00	30.06.07
	43,223		-	43,223	212.88	27.07.02	27.07.09
	444,063		-	444,063	81.78	09.09.04	09.09.11
	271,218		-	271,218	147.00	20.03.05	20.03.12
	302,401		-	302,401	85.50	20.03.05	20.03.12
		396,610	-	396,610	59.00	22.11.05	22.11.12
		1,500,000	-	1,500,000	63.50	11.08.06	11.08.13
N Thorneywork		2,000	-	2,000	59.00	22.11.05	22.11.12
G P B Veal	12,350		-	12,350	85.50	20.03.05	20.03.12
		8,000	-	8,000	59.00	22.11.05	22.11.12

The following directors serving at the year-end have shares in a Save As You Earn Scheme in Enodis Plc as follows:

	As at 1 October 2002	Granted	Exercised	As at 30 September 2003	Exercise price (pence)	Date from which exercisable	Latest expiry date
D Hooper	7,608	-	-	Lapsed	90.69	01.09.02	30.03.03
	3,219	-	-	3,219	209.64	01.09.05	30.03.06

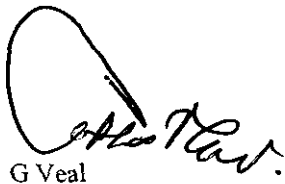
No share options were exercised during the year. The mid-market price at 30 September 2003 was £0.695 and the range during the year was £0.305 to £0.750.

DIRECTORS' REPORT (continued)

AUDITORS

On 1 August 2003, Deloitte & Touche transferred their entire business to Deloitte & Touche LLP, a limited liability partnership formed pursuant to the Limited Liability Partnership Act 2000. The Company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP and accordingly the accounts have been signed in the name of Deloitte & Touche LLP. A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'G Veal', is written over the printed name.

G Veal

Director

23/7/2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERRYCHEF LIMITED

We have audited the financial statements of Merrychef Limited for the year ended 30 September 2003 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Reading

29 July 2004

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2003

	Note	2003 £	2002 £
TURNOVER	2	11,613,502	10,351,067
Cost of sales		(6,435,637)	(5,671,569)
Gross profit		5,177,865	4,679,498
Administrative expenses		(4,061,902)	(3,152,725)
OPERATING PROFIT		1,115,963	1,526,773
Interest receivable and similar income		26,218	18,621
Interest payable and similar charges	3	-	(9,810)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,142,181	1,535,584
Tax credit on profit on ordinary activities	6	1,453	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR		1,143,634	1,535,584

All amounts derive from continuing operations.

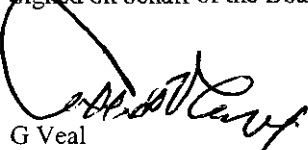
There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
30 September 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	270,592	256,357
Investments	8	-	-
		<u>270,592</u>	<u>270,592</u>
CURRENT ASSETS			
Stocks	9	1,153,700	995,454
Debtors	10	7,014,604	6,543,863
Cash at bank and in hand		1,278,341	529,008
		<u>9,446,645</u>	<u>8,068,325</u>
CREDITORS: amounts falling due within one year	11	(2,712,657)	(2,894,779)
NET CURRENT ASSETS		<u>6,733,988</u>	<u>5,173,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,004,580</u>	<u>5,429,903</u>
CREDITORS: amounts falling due after more than one year	12	(509,739)	(509,739)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(711,072)	(280,029)
NET ASSETS		<u>5,783,769</u>	<u>4,640,135</u>
CAPITAL AND RESERVES			
Called up share capital	15	44,800	44,800
Capital redemption reserve		11,200	11,200
Profit and loss account	16	5,727,769	4,584,135
EQUITY SHAREHOLDERS' FUNDS		<u>5,783,769</u>	<u>4,640,135</u>

These financial statements were approved by the Board of Directors on 23/7/ 2004.

Signed on behalf of the Board of Directors



G Veal
Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 30 September 2003

	2003 £	2002 £
Profit for the financial year	1,143,634	1,535,584
Net increase in shareholders' funds	1,143,634	1,535,584
Opening shareholders' funds	4,640,135	3,104,551
Closing shareholders' funds	<u>5,783,769</u>	<u>4,640,135</u>

NOTES TO THE FINANCIAL STATEMENTS**Year ended 30 September 2003****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Depreciation

Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets over their estimated useful lives, at the following rates:

Plant and machinery	-	between 10% and 50%
Fixtures, fittings, tools and equipment	-	between 15% and 33.33%

Leases

Operating lease costs are charged to the profit and loss account in the period in which they are incurred.

Turnover

Turnover represents the value of sales invoiced to customers, less value added tax. Income from the hire of plant and equipment is accounted for over the rental period.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost consists of direct material, labour and, where appropriate, works overheads.

Research and development

Expenditure on research and development is written off as incurred through the profit and loss account.

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised to the extent that it is considered more likely than not that the asset will be recovered.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Pension costs

The company provides pensions through two defined contribution schemes. Contributions are made to the group personal pension plan by the company at rates specified by the company. All members receive their own individual benefit statements. Payments to the fund are charged to the profit and loss account as they are made.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2003

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, and is attributable to the continuing activities. All income is derived from one class of business.

Geographical analysis of turnover	2003 £	2002 £
United Kingdom	7,840,926	8,433,179
Rest of the World	3,772,576	1,917,888
	<u>11,613,502</u>	<u>10,351,067</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank interest	<u>-</u>	<u>9,810</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £	2002 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	102,926	68,157
Loss on sale of fixed assets	-	2,633
Operating lease rentals	53,059	36,082
- hire of plant and machinery		
- other – Motor vehicles	172,526	134,989
- Land & buildings	160,000	160,000
Auditors' remuneration	18,996	14,500
- audit fees		
- other services	1,375	6,000
	<u></u>	<u></u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £	2002 £
Staff costs during the year (including directors)		
Wages and salaries	2,410,043	2,197,471
Social security costs	229,626	176,400
Other pension costs	68,224	42,120
	<u>2,707,893</u>	<u>2,415,991</u>
	No.	No.
The average number of employees during the year was as follows:		
Production	30	27
Office management	71	53
	<u>101</u>	<u>80</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2003

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2003 £	2002 £
Directors		
Emoluments	311,429	277,845
Contributions to money purchase pension schemes	13,592	13,244
	<u>No.</u>	<u>No.</u>
Number of directors who are members of a money purchase pension scheme	<u>2</u>	<u>3</u>
	<u>£</u>	<u>£</u>
Highest paid director's remuneration		
Emoluments	87,469	100,000
Contributions to money purchase pension schemes	<u>-</u>	<u>-</u>

Disclosures on directors' share options required by the Companies Act 1985 are shown within the Directors' Report and form part of these audited financial statements.

6. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge for the current year due to the availability of group relief for which no charge is made. The tax credit of £1,453 (2002: £nil) relates to a prior period adjustment.

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 30%.

The differences are explained below:

Factors affecting the tax charge for the current period	2003 %	2002 %
Standard tax rate for period as a percentage of profits	<u>30</u>	<u>30</u>
Expenses not deductible for tax purposes	1	1
Capital allowances in excess of depreciation	-	1
Group relief claimed for nil consideration	<u>(31)</u>	<u>(32)</u>
Current tax rate for period as a percentage of profits	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2003

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost			
At 1 October 2002	332,127	356,133	688,260
Additions	63,954	53,207	117,161
At 30 September 2003	396,081	409,340	805,421
Depreciation			
At 1 October 2002	183,560	248,343	431,903
Charge for the year	54,359	48,567	102,926
At 30 September 2003	237,919	296,910	534,829
Net book value			
At 30 September 2003	158,162	112,430	270,592
At 30 September 2002	148,567	107,790	256,357

8. INVESTMENTS HELD AS FIXED ASSETS

The following information relates to subsidiary undertakings, all of which are registered in England and Wales and are dormant.

	£
Cost	
At 1 October 2002 and 30 September 2003	14,003
Provision	
At 1 October 2002 and 30 September 2003	14,003
Net book value	
At 30 September 2002 and 30 September 2003	-

	Portion of ordinary Shares held %
Merrychef Projects Limited	100
Mealstream (UK) Limited	100
Pumpcroft Limited	100
Twilight Band Limited	100

The shares in Merrychef Projects Limited are held by Pumpcroft Limited.

These financial statements present information about Merrychef Limited as an individual undertaking. The subsidiaries are not consolidated on the grounds that the results of the whole group are included within the financial statements of Enodis Plc, the ultimate parent company.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2003

9. STOCKS

	2003 £	2002 £
Raw materials and consumables	786,300	691,689
Work in progress	133,100	148,121
Finished goods and goods held for resale	234,300	155,644
	<u>1,153,700</u>	<u>995,454</u>

10. DEBTORS

	2003 £	2002 £
Trade debtors	1,242,946	1,335,600
Other debtors	7,157	5,084
Amounts due from parent company	5,508,315	4,371,508
Amounts due from other group companies	85,439	623,795
Prepayments and accrued income	170,747	207,876
	<u>7,014,604</u>	<u>6,543,863</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	876,978	1,123,638
Corporation tax	-	1,453
Other taxes and social security costs	208,280	155,076
Accruals and deferred income	480,389	467,602
Amounts due to parent company	1,147,010	1,147,010
	<u>2,712,657</u>	<u>2,894,779</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Amounts owed to other group companies	509,739	509,739
	<u>509,739</u>	<u>509,739</u>

There are no set dates for repayment. The group companies have confirmed that repayment will not be sought for at least twelve months from the date of signing of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2003

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Warranty provision £
At 1 October 2002	280,029
Charge to profit and loss account	431,043
At 30 September 2003	<u>711,072</u>

The company provides product warranty for a period of up to 36 months in line with group policy.

14. DEFERRED TAXATION

The unprovided deferred tax asset of £42,364 (2002: £35,306) is made up of £40,564 (2002: £35,306) in respect of timing differences between capital allowances and depreciation and £1,800 (2002: £nil) of provisions. This asset would only reverse if suitable future taxable profits were to arise, against which these assets could be offset. In the opinion of the Directors and based on recent and forecast trading results it cannot be regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset will reverse in the foreseeable future and as such the asset has not been recognised.

15. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised, called up, allotted and fully paid		
44,800 ordinary shares of £1 each	<u>44,800</u>	<u>44,800</u>

16. PROFIT AND LOSS ACCOUNT

	£
At 1 October 2002	4,584,135
Retained profit for the year	1,143,634
At 30 September 2003	<u>5,727,769</u>

17. OPERATING LEASE COMMITMENTS

At 30 September 2003 the company was committed to making the following payments during the next year in respect of operating leases.

	2003		2002	
	Land & buildings £	Other £	Land & buildings £	Other £
Leases which expire:				
Within one year	-	23,790	-	14,694
Within two to five years	-	157,794	-	131,239
After five years	160,000	-	160,000	-
	<u>160,000</u>	<u>181,584</u>	<u>160,000</u>	<u>145,933</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2003

18. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No. 8 "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, the Enodis Plc group have not been disclosed in these financial statements.

19. ULTIMATE PARENT COMPANY

The immediate parent company and controlling party is Elvadene Limited. The ultimate parent company and controlling party is Enodis Plc, a company registered in England and Wales. This is also the parent undertaking of the only group which includes the company and for which group accounts are prepared. The group financial statements of Enodis Plc, which consolidate the results of Merrychef Limited, can be obtained from Enodis Plc, Washington House, 40 – 41 Conduit Street, London W1R 9FB.