

Welbilt UK Limited

Report and Financial Statements

Year ended

31 December 2021

Company Number 02656967



Welbilt UK Limited

Report and financial statements for the year ended 31 December 2021

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Directors

A D Gray
C F Lacey

Business address

Provincial Park, Nether Lane, Sheffield, Yorkshire, S35 9ZX

Secretary and registered office

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

Company number

02656967

Auditors

BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Welbilt UK Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

Business review and principal activities

The principal activity of the business continues to be the manufacture, sale and aftermarket support of commercial catering and food service equipment, including equipment brought in from other members of the worldwide Welbilt Foodservice Group.

The Statement of Comprehensive Income is set out in page 12 and shows a profit before tax of £37.0m (2020 - £14.0m).

Turnover increased 192% (2021 - £130.5m; 2020 - £68.0m), attributable mainly to; 1) 2020 being abnormally low due to the Covid-19 pandemic impact on the hospitality industry and 2) we have seen an increase in orders for our products, especially in North America. Financial performance remained strong, achieving a gross margin of 36% (2020: 35%) and operating margin of 28% (2020: 20%).

Inventory turns reduced by 0.3 turns (2021 – 6.4; 2020 6.7), given the long lead time on some components and global shortage of semi-conductors, actions to minimise this impact have been taken including increasing safety stock levels.

While the commercial foodservice industry has continued to recover from the negative impacts of the COVID-19 pandemic, the extent of the ultimate impact of the COVID-19 pandemic, including supply chain disturbances and shipping and logistics delays, on our operational and financial performance will depend significantly on future developments, including the duration, scope and severity of the pandemic, the actions taken to contain, mitigate or recover from its impact in each of the countries where we operate globally (including actions taken to ease supply chain backlogs), the vaccination rates and efficacy, emergence of new strains of the virus, and the timing of the resumption of economic activity to pre-pandemic levels.

Throughout the year ended December 31, 2021, we continued to see increases in the cost of specific commodities, components and parts purchased, as well as in the average cost of commodities, components and parts purchased, as compared to the prior year, driven both by rising inflation rates and rising tariffs, as challenges in the supply chain and shipping and logistics delays continued to persist. The availability of key electronic components used in embedded electronic controls diminished in 2021, and we expended significant effort and resources to utilise available parts and to source these electronic components on the spot market, often at a large premium to historical prices.

We continue to proactively monitor the developments surrounding COVID-19 and may take additional actions based on the requirements and recommendations of governmental and health authorities around the world in an attempt to protect our stakeholders. Although we are currently unable to quantify with certainty the ultimate severity or duration of the impact of the COVID-19 pandemic on our business, we expect that the challenges in the supply chain and shipping and logistics delays will likely have a continued impact on our operating results and financial condition throughout fiscal 2022.

Impact of Military Conflict Between Russia and Ukraine on our Business

The current military conflict between Russia and Ukraine and the deteriorating global political and economic conditions, may adversely affect our business and results of operations. Governments in the U.S., United Kingdom, and European Union have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia.

Consequences of the conflict between Russia and Ukraine may ultimately result in additional international sanctions, embargoes, regional instability, and geopolitical shifts. Further escalation of geopolitical tensions related to the Russia-Ukraine conflict, including increased trade barriers or restrictions on global trade, could result in, among other things, cyberattacks, additional inflation and supply chain disruptions, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect our business and results of operations. The extent of any negative effects on the global economy and our business and results of operations, cannot be predicted. As the Company has limited sales in Russia, the impact of this conflict did not have a material impact.

Welbilt UK Limited

Strategic report for the year ended 31 December 2021 (*continued*)

Effects of Brexit

As part of our preparations for the end of the Brexit transition period on the 31 December 2020 the company put in place a team of senior leaders from the business in the major areas that would be impacted by Brexit. Due to our planning efforts following a small amount of disruption at the ports in early January, we are pleased there has been minimal impact to our operations.

We have seen an increase to our transport cost for goods to and from the EU, however cost containment actions such as consolidation of shipments have minimised this impact.

Principal risks and uncertainties

Throughout the year, the company identifies and reviews potential risks 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 changes to macro-economic conditions. Appropriate review and development processes are followed for all employees including for succession. The principal risks the company is exposed to are as follows:

Ali Group Merger Agreement

As part of the announced Ali Group and Welbilt Definitive Merger Agreement, there is risks related to the uncertainties as to the timing of the consummation of the merger and the ability of each party to consummate the merger, risks that the proposed transaction disrupts our current plans or operations, our ability to retain and hire key personnel, unexpected costs, charges or expenses resulting from the merger, and potential adverse reactions or changes to relationships with our customers, suppliers, distributors and other business partners resulting from the announcement or completion of the merger.

Supply Chain Disruption and Inflation

Risks of continuing disruptions to our supply chain, increased energy costs, resulting in delays, difficulties and increased costs of acquiring raw materials and electronic components. We have a dedicated procurement team working closely with all of supplier and seeking alternatives when appropriate.

Liquidity risk

The company 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 company's cash position is monitored weekly.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

Price risk/competitive market risk

The company is exposed to commodity price risk. The company 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.

Group risks are dealt with in the Annual Report of Enodis Group Limited, the ultimate UK parent organisation that prepares consolidated accounts.

Welbilt UK Limited

Strategic report for the year ended 31 December 2021 (*continued*)

Principal risks and uncertainties (*continued*)

Retaining and Recruiting Staff

Certain job markets remain very competitive, increasing the risk of not retaining and recruiting the best people. We believe that by demonstrating a strong commitment to our people by providing a diverse and inclusive culture and environment where employee input, efforts and achievements are recognised and valued.

Selected current initiatives supporting this strategic objective include:

- Talent and succession program: Focused development through tailored programs for our top talent with key succession planning identified through a robust talent assessment process.
- Rewards strategy: A total rewards program that recognises outstanding employee achievements and measurable results in leadership, individual and organisational performance, innovation, and positive culture change that support the values and strategic goals of the business and attracts as well as retains talent.

Going concern

The directors have considered the continued impact of COVID-19 and the economic and trading uncertainties resulting from the conflict in Ukraine on forecast and projections, and the recovery of the commercial food service in 2022 and we are pleased to say, Welbilt UK Limited has not and is not expected to require external financial support to continue to meet financial obligations as and when they fall due.

We continue to be cash generative and at the discretion of management, the excess is swept into a cash pool facility managed at the group level.

Revenue has returned and exceeded pre COVID-19 pandemic levels, with strong customer demand exceeding our expectations. The directors, having considered the uncertainties of the economic environment and a sensitivity analysis of the forecasts and projections, have concluded that it is appropriate to prepare the accounts on a going concern basis.

The directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the company's ability to continue as a going concern.

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:

	2021	2020
Growth of sales / (Decline)	92%	(33%)
Gross margin %	36%	35%
Operating margin	28%	20%
Inventory turns	6.4	6.7

Welbilt UK Limited

Strategic report for the year ended 31 December 2021 (*continued*)

Section 172 Statement

Directors of Welbilt UK Limited are required to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in so doing have regard, among other matters to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

To assist them in discharging their duty under s172 Companies Act 2006, Directors undertake a number of stakeholder engagement activities to provide them with the information they need to understand the views and interests of stakeholders. This information helps Directors to have regard to stakeholder interests, and the likely long term consequences, including to the reputation of Welbilt UK Limited, when making decisions and setting strategy.

Key stakeholders were considered in 2021, they are listed below with examples of the stakeholder engagement activities that took place in 2021.

Risk Management

Throughout the year, the company identifies and reviews potential risks and uncertainties that could have a material impact on performance and has put in place internal processes and controls designed to mitigate these risks, as outline in this report (page 1).

Employees

We strive to make Welbilt an employer of choice in our industry. We believe that we demonstrate a strong commitment to our people by providing a diverse and inclusive culture and environment where employee input, efforts and achievements are recognised and valued.

The board of directors engage directly with the employees through regular visits and meetings taking place at our locations. Both the Board of Directors and the management team are holding regular meeting with trade union officials to discuss current matters and to address any concerns and to maintain a positive constructive working relationship.

Examples of significant events included health and safety changes made to normal business operations in response to COVID-19, updated policies on what to do when an employee becomes symptomatic, tests positive or is potentially exposed to COVID-19, and an updated working from policy.

Suppliers

Our continued strong relationships and regular communications with suppliers is critical to remain an industry leader and grow our reputation as an innovative company, we continuously develop our products. We leverage our suppliers to actively address product competitiveness and life cycle extensions. We co-create innovation and refresh existing products with new, locally relevant food-inspiring technologies, while simultaneously finding new ways to integrate those technologies into global platforms in a cost-effective manner and create cohesive kitchen systems for our customers.

For example, we are increasingly bringing touch screen and other controls technologies to our products. These technologies have significant operator benefits and web connectivity for our customers, supporting the integration of equipment into cloud-based applications that provides customers with necessary visibility and insight into the operating efficiency of the kitchen.

Welbilt UK Limited

Strategic report for the year ended 31 December 2021 (*continued*)

Section 172 Statement (*continued*)

Customers

The Company strategy is focused on customer-centric product development and planning, placing the customer in the centre of our new product developments and solutions while improving operations and reducing costs across the entire value chain to better serve our customers. Our longstanding relationships with our customers allow us to work in partnership to develop cooking solutions that meet their menu change, quality, or labour efficiency initiatives.

Community, Environment and Regulators

The Company's approach is to create positive changes for the people and the communities with which the Company interact. We actively work with UK and foreign-based standards organisations, industry associations, certification parties, and regulatory bodies to develop and promote effective and balanced standards, codes, and regulations that provide for the advancement of sustainable customer solutions, with the highest possible levels of energy efficiency, sanitation, environmental standards, safety, and food quality. For example, we work with the following regulatory bodies to ensure we fully meet and continuously improve our systems and processes. Lloyd's Register re ISO9001:2015 (quality systems standard) and ISO14001:2015 (environmental systems standard), NSF (public health standards) UL (electrical safety compliance) and FDA (Federal Drugs Agency). We also have annual compliance obligations for packing and management of WEEE directive (Waste Electrical and Electronic Equipment recycling).

Shareholders

The Executive team and the Board of Directors are openly engaged with the Company shareholders as they recognise the importance of continuing an effective dialogue with the ultimate Parent Company Welbilt Inc. and its shareholders. The shareholders are actively engaged in the Company affairs and they support the Company by helping to deliver its key objectives.

Approval

This strategic report was approved on behalf of the Board on 28 June 2022



A D Gray

Director

Welbilt UK Limited

Report of the directors for the year ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Directors

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

A D Gray
C F Lacey

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.

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; 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 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.

Employees

It is the company's policy to give full and fair consideration to all applications from disabled persons, with due consideration being given to respective aptitudes and abilities. The same policy applies in the event of employees who become disabled during employment. Appropriate training is provided where applicable.

The group maintains a Global HR intranet site that provides employees with a personal login account and information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the company. The company holds regular briefing sessions and has procedures in place to allow employees to express views on matters that affect them anonymously and the group also undertakes periodic surveys to canvas views on significant matters.

Welbilt UK Limited

Report of the directors for the year ended 31 December 2021 (*continued*)

Streamlined energy and carbon reporting (SECR) disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	2021	2020
Energy consumption used to calculate emissions (kWh)	3,775,743	2,391,336
Emissions from combustion of gas (Scope 1) tCO ₂ e	107	52
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	312	256
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e	47	2
Emissions from purchased electricity (Scope 2, location-based) tCO ₂ e	348	260
Total gross tCO ₂ e based on above	814	570
Intensity ratio (kgCO ₂ e / Number of manufactured unit)	25.32	37.35

Energy efficiency action summary

Welbilt UK Limited continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- Installed a power coating paint plant within Sheffield facility
 - Paint plant uses latest technology available – recirculates 98% of paint applied
 - Eliminated transport to external sub-contractor
 - Eliminated damage in transit of parts being painted
- New latest technology Laser installed Fibre Optic
- Lasers on site now ability to run on compressed air instead of Nitrogen – Nitrogen is delivered by tanker to site
- Site cardboard bailer replaced with compactor to compact cardboard straight into a Roll on Roll off skip reduced vehicle movement and eliminates use of forklift trucks on site to move bailed cardboard
- External car park and warehouse yard lighting converted to LED were previously Halogen.

GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

Welbilt UK Limited

Report of the directors for the year ended 31 December 2021 (*continued*)

Business Review

A review of the business and its principal risks and uncertainties and future developments are set out in the Strategic Report of these financial statements.

Subsequent Events

The Company has evaluated events from 31 December 2021 through to the date the financial statements were issued. There were no subsequent events that need disclosure.

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.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



A D Gray
Director

Date: 28 June 2022

Welbilt UK Limited

Independent auditor's report to the member of Welbilt UK Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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.

We have audited the financial statements of Welbilt UK Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Independence

We remain 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.

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 a period of at least twelve months from when the financial statements are authorised for issue.

Welbilt UK Limited

Independent auditor's report to the member of Welbilt UK Limited (*continued*)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the 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.

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 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, 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.

Welbilt UK Limited

Independent auditor's report to the member of Welbilt UK Limited (*continued*)

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

Neil Ebdon

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Neil Ebdon (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Leeds, UK

Date: 30 June 2022

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

Welbilt UK Limited

Statement of Comprehensive Income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	3	130,534	68,034
Cost of sales		(83,146)	(44,502)
Gross profit		47,388	23,532
Distribution costs		(6,713)	(7,096)
Administrative expenses		(4,692)	(4,300)
Other operating income	4	296	1,264
Operating profit	4	36,279	13,400
Interest payable and similar charges	5	(22)	(23)
Group interest receivable		743	630
Profit on ordinary activities before taxation		37,000	14,007
Taxation on profit on ordinary activities	8	(2,074)	343
Profit for the financial year		34,926	14,350
Other comprehensive income for the year		170	243
Total comprehensive income for the year		35,096	14,593

All amounts relate to continuing activities.

The notes on pages 15 to 28 form part of these financial statements.

Welbilt UK Limited

Balance sheet at 31 December 2021

Company number: 02656967	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible assets	9		118		150
Tangible assets	10		4,784		2,898
			<u>4,902</u>		<u>3,048</u>
Current assets					
Stocks	11	13,090		6,673	
Debtors	12	77,113		75,434	
Cash at bank and in hand		953		160	
		<u>91,156</u>		<u>82,267</u>	
Creditors: amounts falling due within one year	13	<u>(13,053)</u>		<u>(9,630)</u>	
Net current assets			<u>78,103</u>		<u>72,637</u>
Total assets less current liabilities			<u>83,005</u>		<u>75,685</u>
Creditors: amounts falling due after more than one year	14		(85)		(81)
Provision for liabilities	15		(4,948)		(4,378)
Net assets			<u>77,972</u>		<u>71,226</u>
Capital and reserves					
Called up share capital	18		1,500		1,500
Currency Translation			-		(170)
Profit and loss account			76,472		69,896
Total equity			<u>77,972</u>		<u>71,226</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2022



A D Gray

Director

The notes on pages 15 to 28 form part of these financial statements.

Welbilt UK Limited
Statement of changes in equity
For the year ended 31 December 2021

	Share capital £'000	Currency translation £'000	Retained earnings £'000	Total equity £'000
1 January 2021	1,500	(170)	69,896	71,226
Comprehensive income for the year				
Profit for the year	-	-	34,926	34,926
Other Comprehensive Income	-	170	-	170
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	34,926	35,096
Contributions by and distributions to owners				
Dividends	-	-	(28,350)	(28,350)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2021	1,500	-	76,472	77,972
	<hr/>	<hr/>	<hr/>	<hr/>
1 January 2020	1,500	(413)	55,546	56,633
Comprehensive income for the year				
Profit for the year	-	-	14,350	14,350
Other Comprehensive Income	-	243	-	243
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	243	14,350	14,593
Contributions by and distributions to owners				
Dividends	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2020	1,500	(170)	69,896	71,226
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 15 to 28 form part of these financial statements.

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2021

1 Accounting policies

Welbilt UK Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The principal place of business is Nether Lane, Sheffield, S35 9XT.

Going Concern

The directors have considered the continued impact of COVID-19 and the economic and trading uncertainties resulting from the conflict in Ukraine on forecast and projections, and the recovery of the commercial food service in 2021 and we are pleased to say, Welbilt UK Limited has not and is not expected to require external financial support to continue to meet financial obligations as and when they fall due.

We continue to be cash generative and at the discretion of management, the excess is swept into a cash pool facility managed at the group level.

Revenue has returned and exceeded pre COVID-19 pandemic levels, with strong customer demand exceeding our expectations. The directors, having considered the uncertainties of the economic environment and a sensitivity analysis of the forecasts and projections, have concluded that it is appropriate to prepare the accounts on a going concern basis.

The directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the company's ability to continue as a going concern.

Basis of preparation

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 and the Companies Act 2006.

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.

The presentation and functional currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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 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 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Enodis Group Limited as at 31 December 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The following principal accounting policies have been applied:

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*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 is recognised when the risks and rewards have passed to the customer: in terms of goods, this is generally on delivery of those goods based on incoterms.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Intangible fixed assets

Intangible assets relate to the purchase of customer lists and customer relationship. Amortisation is calculated by applying the straight-line method to its estimated useful life. The cost of the customer list is being amortised to 'administrative expenses' over a period of 5 years, based on management's experience within the industry.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less 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

Depreciation 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:

Plant and machinery	- 10-20% per annum
Fixtures, fittings, tools and equipment	- 10-33% per annum
Motor vehicles	- 25-33% per annum
Leasehold improvements	- Over the period of the lease

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 income statement.

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 "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The group has not directly benefited from any other forms of government assistance.

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Finished stocks include manufacturing overheads but exclude selling, distribution and administrative 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 currency translation reserve represents unrealised gains or losses on the translation of hedged foreign currency assets and liabilities as at balance sheet date.

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.

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 by the reporting date.

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

Leased assets

Rentals under operating leases are charged to profit or loss on a straight-line basis over the term of the lease:

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases) the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit and loss over their estimated useful life, using the straight-line method.

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

Pension costs

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

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.

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 standard warranty period.

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

In preparing these financial statements, the directors have applied the following judgements, where uncertainty over the amounts recognised exists.

Stock provision (note 11)

Management has judged that historic sales and usage of products is an appropriate reflection of their future demand and that the provisions applied are sufficient to write the products down to the realisable value.

Warranty provision (note 15)

In calculating the provision for costs under standard warranties, 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.

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

3 Analysis of turnover

	2021 £'000	2020 £'000
Analysis of turnover by country of destination:		
United Kingdom	35,604	22,807
Europe, Middle East and Africa	31,641	17,723
Asia Pacific	6,129	4,253
Americas and Rest of the World	57,160	23,251
	<u>130,534</u>	<u>68,034</u>
Analysis of turnover by class of business:		
Goods	127,871	65,633
Services	2,663	2,401
	<u>130,534</u>	<u>68,034</u>

4 Operating profit

	2021 £'000	2020 £'000
This is arrived at after charging / (crediting):		
Amortisation of intangible fixed assets	32	11
Depreciation of tangible fixed assets	557	461
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	51	43
Taxation compliance services	15	15
Exchange differences	(1,257)	(190)
Defined contribution pension cost	507	485
Plant and machinery - operating lease rentals payable	208	278
Land and buildings - operating lease rentals payable	650	784
Government grants – furlough	(296)	(1,264)
	<u></u>	<u></u>

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

5 Interest payable	2021	2020
	£'000	£'000
Analysis of interest paid:		
Bank and other interest	22	23
	<hr/>	<hr/>
6 Employees	2021	2020
	£'000	£'000
Staff costs (including directors) consist of:		
Wages and salaries	13,872	10,391
Social security costs	1,121	967
Cost of defined contribution scheme	507	485
	<hr/>	<hr/>
	15,500	11,843
	<hr/>	<hr/>
The average number of employees (including directors) during the year was as follows:		
	2021	2020
	Number	Number
Management and administration	22	24
Production and service	174	155
Selling and distribution	76	83
	<hr/>	<hr/>
	272	262
	<hr/>	<hr/>
7 Directors' remuneration	2021	2020
	£'000	£'000
Directors' emoluments	202	184
Company contributions to money purchase pension schemes	25	20
	<hr/>	<hr/>
	227	204
	<hr/>	<hr/>

There was 1 (2020 - 2) director in the company's defined contribution pension scheme during the year.

A defined benefit pension scheme operated by another Group company, and in which one director had previously been a member was closed to future accruals on 31st December 2015. Consequently, there were no contributions to it during the year.

Emoluments of the highest paid director were £202k (2020 - £131k) and pension contributions of £25k (2020 - £14k).

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

8	Taxation on profit on ordinary activities	2021 £'000	2020 £'000
	<i>UK corporation tax</i>		
	Current tax on profits of the year	2,009	-
	Adjustment in respect of previous periods	(76)	82
		<hr/>	<hr/>
	Total current tax	1,933	82
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	509	(408)
	Adjustments in respect of prior years	(3)	(17)
	Effect of tax rate change on opening balance	(365)	-
		<hr/>	<hr/>
	Total deferred taxation	141	(425)
		<hr/>	<hr/>
	Taxation on profit on ordinary activities	2,074	(343)
		<hr/>	<hr/>

The tax assessed for the year is lower (2020 – lower) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	37,000	14,007
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	7,030	2,661
Effects of:		
Expenses not deductible for tax purposes	10	3
Fixed asset differences	(77)	39
Group relief claimed	(4,556)	(2,516)
Amounts in respect of capitalised assets related to provisions	-	(155)
Adjustment to brought forward provisions	(12)	(353)
Adjustments in respect of prior years	(79)	65
Difference in deferred rates used	(242)	(87)
	<hr/>	<hr/>
Total tax (credit) / charge for year	2,074	(343)
	<hr/>	<hr/>

For further information on deferred tax balances see note 17.

On 3 March 2021, it was announced by the United Kingdom Government that the effective tax rate from April 2023 will rise to 25%. This was substantively enacted on 24 May 2021. As the 25.0% rate has been substantially enacted in tax legislation, the deferred tax balances have been calculated at 25.0% in line with the expected period of reversal of the deferred tax balances.

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

9 Intangible fixed assets

	Customer List £'000
<i>Cost</i>	
At 1 January 2021	161
Additions	-
At 31 December 2021	<u>161</u>
<i>Amortisation</i>	
At 1 January 2021	11
Charge for the year	32
At 31 December 2021	<u>43</u>
<i>Net book value</i>	
At 31 December 2021	<u>118</u>
At 31 December 2020	<u>150</u>

Intangible assets acquired during 2020 totalling £161k relate to customer lists and customer relationships. The directors' estimated a useful life of 5 years.

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

10 Tangible fixed assets

	Leaseholds improvements £'000	Construction in progress £'000	Plant, machinery and motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>					
At 1 January 2021	2,430	402	3,890	3,168	9,890
Transfers	10	(216)	160	46	-
Disposals	-	(18)	(196)	-	(214)
Additions	69	209	1,920	263	2,461
At 31 December 2021	2,509	377	5,774	3,477	12,137
<i>Depreciation</i>					
At 1 January 2021	1,136	-	2,970	2,886	6,992
Disposals	-	-	(196)	-	(196)
Charge for the year	123	-	307	127	557
At 31 December 2021	1,259	-	3,081	3,013	7,353
<i>Net book value</i>					
At 31 December 2021	1,250	377	2,693	464	4,784
At 31 December 2020	1,294	402	920	282	2,898

During 2020 on signing a new lease the cost of £1,275k required to return leased properties to their original condition upon termination of the lease was added.

The net book value of plant, machinery and vehicles for the company includes an amount of £184k (2020 - £743k) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge on these assets was £96k (2020 - £165k).

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

11 Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	7,181	2,745
Finished goods and goods for resale	5,909	3,928
	<u>13,090</u>	<u>6,673</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 £67,774k (2020 - £32,877k).

The charge recognised in the income statement for the period in respect of stock provisions was £207k, (2020 - £413k).

12 Debtors

	2021 £'000	2020 £'000
Amounts owed by parent and fellow subsidiary undertakings	68,611	70,129
Trade debtors	5,525	2,951
Other debtors	10	401
Prepayments and accrued income	1,401	801
Deferred tax asset (note 17)	1,011	1,152
Derivatives and Financial Instruments	5	-
Corporation tax	550	-
	<u>77,113</u>	<u>75,434</u>

All amounts shown under debtors are due or recoverable under one year except the deferred tax asset which is recoverable after more than one year.

Amounts owed by the parent company of £56,005k (2020 - £62,077k) are due on demand and relate to the cash pooling arrangement, interest is charged at a market rate. Amounts owed by fellow subsidiary undertakings of £12,606k (2020 - £8,052k) are trading related and are interest free and due on demand.

The charge recognised in the income statement for the period in respect of bad and doubtful trade debtors was £28k (2020 - £33k).

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 *(continued)*

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	5,477	3,393
Amounts owed to parent and fellow subsidiary undertakings	3,967	2,374
Other taxes and social security	420	372
Corporation tax	-	241
Accruals and deferred income	3,093	2,842
Obligations Under Finance Leases	96	235
Derivatives and Financial Instruments	-	173
	<u>13,053</u>	<u>9,630</u>

Amounts owed to parent company and fellow subsidiary undertakings are trading related and are interest free and due on demand.

14 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Obligations Under Finance Leases	85	81
	<u>85</u>	<u>81</u>

Total of group future minimum lease payments under finance leases:

	2021 £'000	2020 £'000
Not later than 1 year	96	235
Later than 1 year and not later than 5 years	85	81
Later than 5 years	-	-
	<u>181</u>	<u>316</u>
Total		

Obligations under finance leases are secured on the assets to which they relate.

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

15 Provisions for liabilities

	Warranty £'000	Dilapidations £'000	Total £'000
At 1 January 2021	2,549	1,829	4,378
Utilised in year	(1,074)	-	(1,074)
Added in the year	1,580	64	64
	<hr/>	<hr/>	<hr/>
At 31 December 2021	3,055	1,893	4,948
	<hr/>	<hr/>	<hr/>

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension charge represents contributions payable to the funds and amounted to £506k in the year (2020 - £485k). At 31 December 2020 outstanding contributions amounted to £8k (2020 - £3k).

In the UK, the Welbilt Group operated a defined benefit scheme, the Berisford (1948) Pension Scheme ("the scheme") until 31st December 2015 at which date the scheme closed for future accruals. The scheme provides retirement benefits based on final pensionable salary and years of service. The assets of the scheme are held in separable trustee administered funds.

The Directors, having taken actuarial advice, believe that it is not possible for each member of the group pension scheme to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and have therefore opted to account for the purposes of FRS 102 as though the scheme was a defined contribution scheme. Consequently, the financial implications of any future surplus or deficit will be recognised as an asset or liability only in the balance sheet of Enodis Group Limited, the ultimate UK parent of the company and principal employer of the scheme.

The financial statements of Enodis Group Limited show a net pension surplus for this scheme of £4.1m (2020 deficit of £0.2m) under FRS 102. As an associated employer the company may become liable for part or the whole of any deficit in the scheme in the event of a winding up of the principal employer or other associated employer. The latest full actuarial valuation was carried out at 31 March 2019 and was by a qualified independent actuary on the basis of existing UK GAAP. The scheme having closed, contributions paid to Enodis Group Limited for the year were £Nil (2020 - £Nil).

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

17 Deferred taxation asset

	£'000
At 1 January 2021	1,152
Credited to profit and loss	(141)
	<hr/>
At 31 December 2021	1,011
	<hr/>

	2021 £'000	2020 £'000
The deferred tax asset is made up as follows:		
Short term timing differences	38	614
Depreciation in excess of capital allowances	973	538
	<hr/>	<hr/>
	1,011	1,152
	<hr/>	<hr/>

18 Share capital

	2021 £'000	2020 £'000
<i>Allotted, called up and fully paid</i>		
1,500,000 Ordinary shares of £1 each	1,500	1,500
	<hr/>	<hr/>

The shares have full voting rights attached to them.

Share Capital

Share capital represents the nominal value of the shares issued.

Currency translation adjustment

The currency translation reserve represents unrealised gains or losses on the translation of hedged foreign currency assets and liabilities as at balance sheet date.

Retained Earnings

Retained earnings represent cumulative profits or losses net of dividends paid and other adjustments.

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

19 Commitments under operating leases

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

	Land and buildings 2021 £'000	Other 2021 £'000	Land and buildings 2020 £'000	Other 2020 £'000
Not later than 1 year	768	90	668	438
Later than 1 year and not later than 5 years	3,451	79	3,223	383
Later than 5 years	2,232	-	2,961	-
	<u>6,451</u>	<u>169</u>	<u>6,852</u>	<u>821</u>

20 Related party disclosures

The company has taken the available exemption under FRS 102 not to disclose transactions with any wholly owned members of the group.

Key management personnel comprise the directors of this company, with no other members of management having the authority, responsibility for planning, directing and controlling the activities of the company. Their total remuneration has been disclosed within note 7. No directors were remunerated by means not disclosed within that note.

21 Ultimate parent company

The company's immediate parent is Welbilt (Halesowen) 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. Enodis Group Limited is the smallest group which prepares consolidated results and of which the company forms a part. These financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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. can be obtained from the VP Investor Relations at 2227 Welbilt Boulevard, New Port Richey, Florida 34655.

22 Events after the reporting period

There have been no other significant events affecting the company since the year end.