

VISCOUNT CATERING LIMITED

Report and Financial Statements

30 September 2001

**Deloitte & Touche
Leeds**



REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Pointon
P A Lee
L Richardson
R A Toner
K N Blades
D S McCulloch
C Cammoile

SECRETARY

D R Hooper

REGISTERED OFFICE

Washington House
40-41 Conduit Street
London
W1S 2YQ

BANKERS

National Westminster Bank PLC
Sheffield City Centre
P O Box 120
42 High Street
Sheffield
S1 1QG

AUDITORS

Deloitte & Touche
Chartered Accountants
Leeds

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 30 September 2001.

ACTIVITIES

The company is principally engaged in the manufacture of catering equipment.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The level of business met expectations and the year end financial position was satisfactory. The directors expect that presently depressed levels of customer investment, combined with the effects of the foot & mouth crisis and the September 11 events in the USA, will impact the results for the coming year. The directors are confident of the ability of the business to meet the challenges ahead.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of an ordinary dividend for the period (year ended 2 October 2000: £Nil). The profit for the period retained in the company is £953,000 (year ended 2 October 2000: £1,149,000).

DIRECTORS AND THEIR INTERESTS

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

G Pointon	
P A Lee	
A R Airey	(resigned 12 October 2001)
J D Scott	(resigned 25 October 2001)
J G Shepherd	(resigned 30 November 2001)
M A Whiteling	(resigned 5 October 2001)
M Shaddock	(resigned 30 April 2001)
P J Davis	(resigned 30 April 2001)
L Richardson	(appointed 5 November 2001)
M R Hampton	(appointed 12 February 2002; resigned 2 April 2002)
S P Miller	(appointed 12 February 2002; resigned 2 April 2002)
R A Toner	(appointed 7 February 2002)
D R Hooper	(appointed 6 February 2002; resigned 2 April 2002)
K N Blades	(appointed 2 April 2002)
D S McCulloch	(appointed 2 April 2002)
C Cammoile	(appointed 30 April 2002)

None of the directors who held office at the end of the financial period had any interest in the share capital of the company, or its fellow subsidiary companies.

None of the directors in office at the period end had any interests in the shares of the ultimate parent company, Enodis plc, with the exception of the following:-

	30 September 2001			2 October 2000		
	Executive Share Option Scheme	SAYE Share Option Scheme	Ordinary Shares	Executive Share Option Scheme	SAYE Share Option Scheme	Ordinary Shares
G Pointon	10,000	5,254	2,000	10,000	5,254	2,000
P A Lee	29,503	Nil	Nil	29,503	Nil	Nil

The interests of M A Whiteling in the shares of the ultimate parent company, Enodis plc, at the period end are disclosed in the financial statements of Enodis Limited.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political donations or contributions to UK charities during the period (year ended 2 October 2000: Donations to UK charities £385).

DIRECTORS' REPORT (continued)

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



G Pointon
Director

9 September 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- state whether applicable accounting policies have been followed 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 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 VISCOUNT
CATERING LIMITED**

We have audited the financial statements of Viscount Catering Limited for the period ended 30 September 2001 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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 period 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 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Leeds

Chartered Accountants and
Registered Auditors

11 September 2002

PROFIT AND LOSS ACCOUNT
Period ended 30 September 2001

	Note	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
TURNOVER - Continuing operations	2	15,843	13,125
Cost of sales		(12,272)	(9,746)
Gross profit		3,571	3,379
Selling and distribution expenses		(1,622)	(1,603)
Administrative expenses (including net exceptional costs of £278,000; Year ended 2 October 2002: £nil)	9	(993)	(674)
OPERATING PROFIT – continuing operations	3	956	1,102
Interest receivable and similar income	6	15	48
Interest payable and similar charges	7	(18)	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		953	1,149
Tax on profit on ordinary activities	8	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD/YEAR TRANSFERRED TO RESERVES		953	1,149
Retained profit at beginning of period/year		3,098	1,949
Retained profit at end of period/year		4,051	3,098

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

BALANCE SHEET
30 September 2001

	Note	30 September 2001 £'000	Restated 2 October 2000 £'000
FIXED ASSETS			
Investments	10	-	-
Tangible assets	11	1,190	571
CURRENT ASSETS			
Stocks	12	2,128	1,587
Debtors	13	8,654	5,191
Cash at bank		-	324
		10,782	7,102
Creditors: amounts falling due within one year	14	(6,421)	(3,075)
NET CURRENT ASSETS		4,361	4,027
TOTAL ASSETS LESS CURRENT LIABILITIES		5,551	4,598
NET ASSETS		5,551	4,598
CAPITAL AND RESERVES			
Called up share capital	16	1,500	1,500
Profit and loss account		4,051	3,098
TOTAL EQUITY SHAREHOLDERS' FUNDS		5,551	4,598

These financial statements were approved by the Board of Directors on *9 September* 2002
and signed on behalf of the Board of Directors



G Pointon

Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**Period ended 30 September 2001**

	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
Profit for the financial period/year	953	1,149
Net addition to shareholders' funds	953	1,149
Opening shareholders' funds	4,598	3,449
Closing shareholders' funds	5,551	4,598

NOTES TO THE ACCOUNTS
Period ended 30 September 2001**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.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

Fixed assets and depreciation

Depreciation is provided by the company on a straight line basis to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	10-20% per annum
Fixtures, tools and equipment	-	10-33% per annum
Motor vehicles	-	25-33% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value of individual items of stock. Work in progress includes the relevant proportion of manufacturing overheads attributable to the stage of completion, as well as bought in components and parts. Finished stocks include manufacturing overheads but exclude selling, distribution and administrative overheads. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Repairs and renewals

Repairs and renewals, which do not enhance the value of existing assets, are charged to the profit and loss account in the period in which the expenditure is incurred.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the extent that it is probable that an actual liability will crystallise.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a parent which prepares a consolidated cash flow statement.

Deferred Taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Research and development

Expenditure on research and development is charged to the profit and loss account in the period in which it is incurred.

Operating leases

Rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

NOTES TO THE ACCOUNTS
Period ended 30 September 2001**2. TURNOVER**

All turnover arises from the principal activity of the manufacture of catering equipment.

The geographical analysis of turnover is as follows:

	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
United Kingdom	15,821	13,070
Rest of Europe	22	27
Rest of World	-	28
	<u>15,843</u>	<u>13,125</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
Depreciation of tangible fixed assets	204	236
Auditors remuneration		
Audit	26	24
Hire of assets – rentals payable under operating leases	56	13
Loss on disposal of fixed assets	-	2
	<u>286</u>	<u>275</u>

4. DIRECTORS' EMOLUMENTS

	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
Directors' emoluments	108	270
Pension contributions	8	16
	<u>116</u>	<u>286</u>

The emoluments of the highest paid director were £66,058 (year ended 2 October 2000: £83,521).

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	Period ended 30 September 2001 No	Year ended 2 October 2000 No
Defined contribution schemes	<u>2</u>	<u>3</u>

NOTES TO THE ACCOUNTS
Period ended 30 September 2001

5. INFORMATION REGARDING EMPLOYEES

	Period ended 30 September 2001 No	Year ended 2 October 2000 No
Average number of persons employed in the period:		
Management and administration	12	11
Production and service	126	134
Selling and distribution	50	41
	<u>188</u>	<u>186</u>

Staff costs incurred during the period in respect of employees were:

	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
Wages and salaries	3,031	2,924
Social Security costs	301	284
Other pension costs	128	150
	<u>3,460</u>	<u>3,358</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
Bank overdraft interest	<u>15</u>	<u>48</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
Bank overdraft interest	<u>18</u>	<u>1</u>

8. TAXATION

No current or prior year tax charge arises, due to the availability of losses for surrender by other group companies for nil consideration.

9. NET EXCEPTIONAL COSTS

	Period ended 30 September 2001 £'000	Year ended 2 October 2000 £'000
Restructuring costs	1,128	-
Transfer of profit from the ultimate parent company	(850)	-
Net exceptional costs	<u>278</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Period ended 30 September 2001

10. INVESTMENT

Investments in subsidiary undertakings	Shares in group undertakings £'000
Cost and net book value	
At 2 October 2000 and 30 September 2001	-

The company holds the following investment in a subsidiary company in which the company's interest is more than 10%:

Company	Country of registration or incorporation	Principal Activity	Class and Percentage of shares held
Brenner (Europe) Limited	England and Wales	Non-trading	Ordinary £1 100%

11. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures, fittings tools and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 3 October 2000	760	755	144	1,659
Transfers in (note 17)	9	14	96	119
Additions in the period	162	687	8	857
Disposals	(85)	(270)	(64)	(419)
At 30 September 2001	846	1,186	184	2,216
Depreciation				
At 3 October 2000	520	475	93	1,088
Transfers in (note 17)	2	6	49	57
Charge for the period	42	124	38	204
Disposals	(24)	(252)	(47)	(323)
At 30 September 2001	540	353	133	1,026
Net book value				
At 30 September 2001	306	833	51	1,190
At 2 October 2000	240	280	51	571

12. STOCKS

	30 September 2001 £'000	2 October 2000 £'000
Raw materials and consumables	65	64
Work in progress	1,397	1,169
Finished goods and goods for resale	666	354
	2,128	1,587

NOTES TO THE ACCOUNTS
Period ended 30 September 2001

13. DEBTORS

	30 September 2001 £'000	2 October 2000 £'000
Trade debtors	4,857	3,673
Amounts owed by parent and fellow subsidiary undertakings	3,465	1,394
Corporation Tax	9	6
Prepayments	323	118
	<u>8,654</u>	<u>5,191</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 September 2001 £'000	2 October 2000 £'000
Bank overdraft	5	-
Trade creditors	3,519	2,005
Amounts owed to parent and subsidiary undertakings	1,421	329
Corporation tax	-	-
Other taxes and social security	418	424
Accruals and deferred income	1,058	317
	<u>6,421</u>	<u>3,075</u>

15. DEFERRED TAXATION

The unprovided deferred tax liability is as follows:

	30 September 2001 £'000	2 October 2000 £'000
Capital allowances in excess of depreciation	<u>50</u>	<u>10</u>

No provision is required for these potential liabilities due to group relief forecast available to claim.

There were no amounts in respect of provided deferred tax.

16. CALLED UP SHARE CAPITAL

	30 September 2001 £'000	2 October 2000 £'000
Authorised		
1,500,000 ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>
Allotted, called up and full paid		
1,500,000 ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>

NOTES TO THE ACCOUNTS

Period ended 30 September 2001

17. TRANSFER OF TRADE AND ASSETS FROM A FELLOW SUBSIDIARY

The trade and certain assets of Sammic Ltd were transferred to Viscount Catering Limited on 1 October 2000.

	30 September 2001 £'000
Net assets acquired:	
Tangible fixed assets	62
Stocks	162
	<u>224</u>
Satisfied by:	
Intercompany	<u>224</u>

The summarised profit and loss account of Sammic Limited for the financial period from 1 October 1999 to 30 September 2000 is set out below:

	£
Turnover	1,733
Profit before taxation	234
Taxation	(41)
Profit after taxation	<u>(193)</u>

There were no recognised gains and losses for the period from 1 October 1999 to 30 September 2000 other than as stated above.

Post acquisition results

Following the purchase of business and certain assets, the trade was fully integrated into that of Viscount Catering Limited. As a consequence it has not been possible to separate the results post acquisition.

18. COMMITMENTS

- (i) Capital expenditure authorised and contracted for and not provided at 30 September 2001 amounted to £Nil (2 October 2000: £13,000).
- (ii) At 30 September 2001 the company had annual commitments under non-cancellable operating leases as follows:

	30 September 2001 £'000	2 October 2000 £'000
Operating leases which expire:		
Within one year	10	3
In the second to fifth years inclusive	60	37
	<u>70</u>	<u>40</u>

19. PENSION SCHEME

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 £128,076 in the period (year ended 2 October 2000: £149,864). There were outstanding contributions of £13,018 at 30 September 2001 (2 October 2000: £501).

NOTES TO THE ACCOUNTS

Period ended 30 September 2001

20. CONTINGENT LIABILITIES

The company has entered into unlimited cross-guarantees with its bankers relating to the borrowings of other group companies. At 30 September 2001 the bank borrowings of other group companies amounted to £385,095,000 (2000: £Nil).

21. ULTIMATE PARENT COMPANY

The company's ultimate parent and controlling entity is Enodis plc, a company incorporated in England and Wales. The immediate controlling entity is Meliora Spectare Limited, a company incorporated in England and Wales.

The consolidated accounts of Enodis plc are available from the Secretary at Washington House, 40-41 Conduit Street, London, W1R 9FB.

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided by paragraph 3(c) of Financial Reporting Standard 8 (Related Party Transactions) not to disclose transactions with entities which are part of Enodis plc, as the consolidated financial statements, in which the company is included, are publicly available.

A rental of £137,000 was paid by the company to J G Shepherd during the period (Year ended 2 October 2000: £137,000). No amounts were owing in respect of this transaction at 30 September 2001 (2 October 2000: £137,000).