

VISCOUNT CATERING LIMITED

Report and Financial Statements

1 October 2006

**Deloitte & Touche LLP
Leeds**



VISCOUNT CATERING LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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VISCOUNT CATERING LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K N Blades
C Cammoile
R W Adam
D R Hooper
I T Osborne
P A Briggs
D J Eaton

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 LLP
Chartered Accountants and Registered Auditors
Leeds

VISCOUNT CATERING LIMITED

DIRECTORS' REPORT (continued)

The directors present their annual report and the audited financial statements for the year ended 1 October 2006

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Enodis plc

The company's principal activity continues to be the manufacture of catering equipment for the commercial sector in the United Kingdom and Ireland. The directors do not expect any changes to the activities.

As shown in the profit & loss account on page 6, by virtue of increased sales volume and reduced expenses the company maintained its progress during the year. The company recorded an operating loss of £973,042 (2005 loss of £2,028,833) including restructuring costs of £nil (2005 £785,000).

The balance sheet, on page 7, shows the financial position of the company, which is principally financed by its parent group, as shown in Note 11. Continued investment in plant, equipment and processes, as shown in Note 8 to the balance sheet, will benefit the business in the future.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors believe that there are opportunities for the company to maintain its growth and recovery and that, whilst competitive pressures undoubtedly exist, they can be offset by continued commitment to its products, services and people.

The Group treasury function is responsible for ensuring the availability and flexibility of funding arrangements in order to meet the ongoing requirements of the Group. In addition, it is responsible for managing the interest rate risks, liquidity risks, foreign exchange and commodity risks of the Group.

Group risks are discussed in the group's Annual Report which does not form part of this report.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of an ordinary dividend for the period (2005 £nil). The loss for the period transferred from reserves is £973,042 (2005 loss of £2,028,833 transferred from reserves).

DIRECTORS AND THEIR INTERESTS

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

G Pounton	Resigned 14 10 05
P A Lee	Resigned 09 03 07
K N Blades	
D S McCulloch	Resigned 03 02 06
D R Hooper	
C Cammoile	
R W Adam	
I T Osborne	Appointed 03 10 05
P A Briggs	Appointed 03 10 05
D J Eaton	Appointed 14 05 07

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.

VISCOUNT CATERING LIMITED

DIRECTORS' REPORT (continued)

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 -

	1 October 2006			1 October 2005		
	Executive Share Option Scheme	SAYE Share Option Scheme	Ordinary Shares	Executive Share Option Scheme	SAYE Share Option Scheme	Ordinary Shares
P A Lee	377,077	-	26,222	313,077	-	26,222
K N Blades	250,049	-	-	226,049	-	-
R W Adam	2,000	-	-	4,000	-	-
C Cammoile	2,000	-	-	4,000	-	-
D R Hooper	354,192	-	23,000	342,192	-	23,000
I Osborne	213,699	-	-	-	-	-
P Briggs	5,000	-	-	-	-	-

The interests of D S McCulloch in the shares of the ultimate parent company, Enodis plc, at the period end are disclosed in the financial statements of Enodis plc

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political donations or contributions to UK charities during the period (2005 £nil)

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 11

Applications for employment from disabled persons are considered on their merits and regard is paid only to the ability of an applicant to carry out satisfactorily the functions required. The same policy is adopted when considering career development and promotion, while in the field of training, a distinction would be made only in order to meet the particular requirements of the disabled person. If an employee becomes disabled while in employment, all due consideration would be given to continued employment whether in the same or in an alternative capacity and training would be given where necessary.

CREDITOR PAYMENT POLICY

The Company's current policy is that payments are made to suppliers in accordance with agreed terms. At 1 October 2006 trade creditors represented 56 (2005 71) days purchases.

DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

AUDITORS

A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

By order of the Board

C Cammoile
Director

16 May 2007

VISCOUNT CATERING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 judgments and 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 proper accounting records that 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 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 1 October 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' deficit 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the Directors Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 October 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte + Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Leeds

23 July 2007

VISCOUNT CATERING LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 1 October 2006

	Note	Period ended 1 October 2006 £'000	Period ended 1 October 2005 £'000
TURNOVER - continuing operations	2	10,448	9,730
Cost of sales		(9,749)	(8,789)
Gross profit		699	941
Selling and distribution expenses		(721)	(1,004)
Administrative expenses	7	(951)	(1,966)
OPERATING LOSS – continuing operations	3	(973)	(2,029)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(973)	(2,029)
Tax on profit on ordinary activities	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD TRANSFERRED FROM RESERVES		(973)	(2,029)
Retained (loss)/profit at beginning of period		(1,571)	458
Retained loss at end of period		(2,544)	(1,571)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

VISCOUNT CATERING LIMITED

BALANCE SHEET As at 1 October 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	8	1,957	1,433
CURRENT ASSETS			
Stocks	9	1,666	1,507
Debtors	10	3,203	2,455
Cash at bank		277	90
Creditors: amounts falling due within one year	11	5,146 (8,045)	4,052 (5,556)
NET CURRENT LIABILITIES		(2,899)	(1,504)
TOTAL ASSETS LESS CURRENT LIABILITIES		(942)	(71)
Creditors: amounts falling due after more than one year	12	(102)	-
NET LIABILITIES		(1,044)	(71)
CAPITAL AND RESERVES			
Called up share capital	14	1,500	1,500
Profit and loss account		(2,544)	(1,571)
TOTAL EQUITY SHAREHOLDERS' DEFICIT		(1,044)	(71)

These financial statements were approved by the Board of Directors on 16 July 2007



C Cammoile

Director

VISCOUNT CATERING LIMITED

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT

Period ended 1 October 2006

	2006 £'000	2005 £'000
Loss for the financial period	<u>(973)</u>	<u>(2,029)</u>
Net reduction in equity shareholders' deficit	(973)	(2,029)
Opening shareholders' (deficit)/funds	<u>(71)</u>	<u>1,958</u>
Closing equity shareholders' deficit	<u><u>(1,044)</u></u>	<u><u>(71)</u></u>

VISCOUNT CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 1 October 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and 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. Turnover is recognised on despatch of goods.

Tangible fixed assets

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 over their estimated useful economic lives as follows:

Plant and machinery	-	10-20% per annum
Fixtures, fittings, 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.

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

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 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 the asset will be recovered.

Investments

Investments are stated at cost less provision for impairment.

Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

Operating leases

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

VISCOUNT CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 1 October 2006

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 1 October 2006 £'000	Period ended 1 October 2005 £'000
United Kingdom	10,180	9,304
Rest of Europe	268	426
	<u>10,448</u>	<u>9,730</u>

3. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	Period ended 1 October 2006 £'000	Period ended 1 October 2005 £'000
Depreciation of tangible fixed assets	246	212
Auditor's remuneration		
- Audit services – Statutory audit	47	42
Plant and Machinery – operating lease rentals payable	61	98
Loss on disposal of fixed assets	1	-
	<u>1</u>	<u>-</u>

4. DIRECTORS' EMOLUMENTS

	Period ended 1 October 2006 £'000	Period ended 1 October 2005 £'000
Directors' emoluments	239	258
Pension contributions	20	40
Compensation for loss of office	-	104
	<u>259</u>	<u>402</u>

The emoluments of the highest paid director were £92,000 (2005 £201,000)

Retirement benefits are accruing to the following number of directors under

	Number of directors	
	As at 1 October 2006 No	As at 1 October 2005 No
Defined contribution schemes	<u>3</u>	<u>3</u>

VISCOUNT CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 1 October 2006

5 INFORMATION REGARDING EMPLOYEES

Average number of persons employed in the period:	Period ended 1 October 2006 No.	Period ended 1 October 2005 No.
Management and administration	10	11
Production and service	91	94
Selling and distribution	17	23
	<u>118</u>	<u>128</u>

Staff costs incurred during the period in respect of employees was

	Period ended 1 October 2006 £'000	Period ended 1 October 2005 £'000
Wages and salaries	2,539	2,785
Social security costs	236	268
Other pension costs	97	164
	<u>2,872</u>	<u>3,217</u>

6 TAXATION

There is no corporation tax charge for this period, as the company made losses for which no credit is available

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2005 30%)

	As at 1 October 2006 %	As at 1 October 2005 %
The differences are explained below		
Standard tax rate for period as percentage of profits	30	30
Effects of		
Expenses not deductible for tax purposes	-	-
Capital allowances in excess of depreciation	13	(3)
Group relief for nil consideration	(43)	(27)
	<u>-</u>	<u>-</u>

7. NET EXCEPTIONAL COSTS

Administrative expenses are stated after charging	Period ended 1 October 2006 £'000	Period ended 1 October 2005 £'000
Restructuring costs	-	785

VISCOUNT CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 1 October 2006

8. TANGIBLE FIXED ASSETS

	Plant and machinery	Fixtures, fittings tools and equipment	Total
	£'000	£'000	£'000
Cost			
At 2 October 2005	1,562	1,384	2,946
Additions	349	422	771
Disposals	(1)	(95)	(96)
	<u>1,910</u>	<u>1,711</u>	<u>3,621</u>
At 1 October 2006			
Depreciation			
At 2 October 2005	699	814	1,513
Charge for the period	142	104	246
Disposals	(1)	(94)	(95)
	<u>840</u>	<u>824</u>	<u>1,664</u>
At 1 October 2006			
Net book value			
At 1 October 2006	<u>1,070</u>	<u>887</u>	<u>1,957</u>
At 1 October 2005	<u>863</u>	<u>570</u>	<u>1,433</u>

9. STOCKS

	As at 1 October 2006 £'000	As at 1 October 2005 £'000
Raw materials and consumables	39	24
Work in progress	879	745
Finished goods and goods for resale	748	738
	<u>1,666</u>	<u>1,507</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

10. DEBTORS

	As at 1 October 2006 £'000	As at 1 October 2005 £'000
Amounts falling due within one year		
Trade debtors	2,649	2,216
Amounts owed by parent and fellow subsidiary undertakings	210	5
Prepayments	344	234
	<u>3,203</u>	<u>2,455</u>

VISCOUNT CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 1 October 2006

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 1 October 2006 £'000	As at 1 October 2005 £'000
Trade creditors	2,248	1,920
Amounts owed to parent and subsidiary undertakings	5,018	2,885
Other taxes and social security	212	260
Accruals and deferred income	567	491
	<u>8,045</u>	<u>5,556</u>

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

	As at 1 October 2006 £'000	As at 1 October 2005 £'000
Government grants	<u>102</u>	<u>-</u>

13. DEFERRED TAXATION

The unprovided deferred tax asset is as follows

	As at 1 October 2006 £'000	As at 1 October 2005 £'000
Provisions	12	9
Losses made	1,542	1,027
Capital allowances in excess of depreciation	24	166
	<u>1,578</u>	<u>1,202</u>

The assets would only reverse if suitable future 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 provided

14. CALLED UP SHARE CAPITAL

	As at 1 October 2006 £'000	As at 1 October 2005 £'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>

VISCOUNT CATERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 1 October 2006

15. COMMITMENTS

- (i) Capital expenditure authorised and contracted for and not provided at 1 October 2006 amounted to £91,886 (1 October 2005 £nil)
- (ii) At 1 October 2006 the company had annual commitments under non-cancellable plant and machinery operating leases as follows

	As at 1 October 2006 £'000	As at 1 October 2005 £'000
Operating leases which expire		
Within one year	25	39
In two to five years inclusive	12	35
	<hr/> 37	<hr/> 74

16. 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 £97,656 in the period (2005 £113,992). There were outstanding contributions of £13,578 at 1 October 2006 (2005 £nil).

17. CONTINGENT LIABILITIES

The company has entered into unlimited cross-guarantees with its bankers relating to the borrowings of other group companies. At 1 October 2006 the bank borrowings of other group companies amounted to £1,131,320 (2005 £376,414).

18. 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, W1S 2YQ.

19. 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.