

# **Welbilt UK Limited**

Report and Financial Statements

Year ended

31 December 2018

Company Number 2656967

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# **Welbilt UK Limited**

## **Report and financial statements for the year ended 31 December 2018**

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### **Directors**

C Cammoile – Resigned 31 March 2018

A D Gray

J A J Rourke

### **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**

2656967

### **Auditors**

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

# Welbilt UK Limited

## Strategic report for the year ended 31 December 2018

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2018.

### **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 income statement is set out in page 8 and shows a profit before tax of £25.5m (2017 - £17.6m).

Turnover increased (2018 - £96.1; 2017 - £84.9m) as the company benefited from both organic growth and roll-out expansion by major food chains together with continued investment in new products.

The business and financial climate remain uncertain in certain sectors and regions but the directors, having reviewed their business plan, are confident of continued progress.

### **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:

#### *Brexit Risk*

The company has put in place a team of senior leaders from the business in the major areas that would be impacted by Brexit and we continue to monitor the situation. We have addressed the areas significantly impacted by Brexit to mitigate identified risks where possible. As an example we increasing holding of both finished good stock and component stock.

#### *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 2018 *(continued)*

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### Going concern

The directors, having considered the uncertainties of the economic environment, the availability of finance, the restructuring of the balance sheet during the year together with their business plan have concluded that it is appropriate to prepare the accounts on a going concern basis.

### 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:

|                  | 2018 | 2017 |
|------------------|------|------|
| Growth of sales  | 13%  | 10%  |
| Gross margin %   | 40%  | 36%  |
| Operating margin | 26%  | 20%  |
| Inventory turns  | 6.5  | 6.2  |

### Approval

This strategic report was approved on behalf of the Board on 27 September 2019



A D Gray

Director

# **Welbilt UK Limited**

## **Report of the directors for the year ended 31 December 2018**

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The directors present their report together with the audited financial statements for the year ended 31 December 2018.

### **Directors**

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

C Cammoile – Resigned 31 March 2018

A D Gray

J A J Rourke

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 2018 (continued)

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### Subsequent Events

As discussed in note 20:

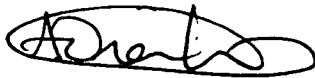
- On 31 January 2019 the company converted a £35,000,000 receivable due from a fellow subsidiary into a long term loan with the same party. This loan bears interest at a variable rate based on the GBP 3-month LIBOR plus 375bps. On 31 May 2019 the company distributed this loan note by way of a dividend in specie to its immediate parent, Welbilt (Halesowen) Limited.
- For some years the company, together with other members of the Welbilt Inc. group of companies, has participated in a programme of funding involving the securitisation of certain of its third party receivable ledgers. Following an internal review by Welbilt Inc. this form of funding was no longer considered appropriate or necessary and the programme was terminated in March 2019.

### 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: 27 September 2019

## Welbilt UK Limited

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

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#### Opinion

We have audited the financial statements of Welbilt UK Limited ("the Company") for the year ended 31 December 2018 which comprise the Income statement, Balance sheet, 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)<sup>1</sup>.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Welbilt UK Limited**

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

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report and Report of the directors, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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; or

### **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

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#### 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.

A further description of our responsibilities for the audit of the financial statements is located at 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.



Marc Reinecke (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

Date 27/9/2019

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

# Welbilt UK Limited

## Income statement for the year ended 31 December 2018

|  | Note | 2018<br>£'000 | 2017<br>£'000 |
|--|------|---------------|---------------|
| Turnover   | 3    | 96,068        | 84,900        |
| Cost of sales  |      | (57,980)      | (54,662)      |
| <b>Gross profit</b>                                  |      | <b>38,088</b> | <b>30,238</b> |
| Distribution costs                                   |      | (8,752)       | (8,716)       |
| Administrative expenses                              |      | (4,524)       | (4,244)       |
| <b>Operating profit</b>                              | 4    | <b>24,812</b> | <b>17,278</b> |
| Interest payable and similar charges                 | 5    | (16)          | (16)          |
| Interest receivable and similar income               |      | 663           | 367           |
| <b>Profit on ordinary activities before taxation</b> |      | <b>25,459</b> | <b>17,629</b> |
| Taxation on profit on ordinary activities            | 8    | (618)         | (1,630)       |
| <b>Profit for the financial year</b>                 |      | <b>24,841</b> | <b>15,999</b> |

All amounts relate to continuing activities.

The notes on pages 11 to 22 form part of these financial statements.

# Welbilt UK Limited

## Balance sheet at 31 December 2018

| <b>Company number: 2656967</b>                                 | <b>Note</b> | <b>2018<br/>£'000</b> | <b>2018<br/>£'000</b> | <b>2017<br/>£'000</b> | <b>2017<br/>£'000</b> |
|--|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Fixed assets</b>  |             |                       |                       |                       |                       |
| Tangible assets  | 9           |                       | 1,773                 |                       | 2,153                 |
| <b>Current assets</b>  |             |                       |                       |                       |                       |
| Stocks   | 10          | 6,765                 |                       | 5,783                 |                       |
| Debtors  | 11          | 74,910                |                       | 48,027                |                       |
| Cash at bank and in hand                                       |             | 111                   |                       | 375                   |                       |
|  |             | <u>81,786</u>         |                       | <u>54,185</u>         |                       |
| <b>Creditors: amounts falling due within one year</b>          | 12          | <u>(13,524)</u>       |                       | <u>(11,726)</u>       |                       |
| <b>Net current assets</b>                                      |             |                       | <u>68,262</u>         |                       | <u>42,459</u>         |
| <b>Total assets less current liabilities</b>                   |             |                       | <u>70,035</u>         |                       | <u>44,612</u>         |
| <b>Creditors: amounts falling due after more than one year</b> | 13          |                       | (351)                 |                       | (558)                 |
| <b>Provision for liabilities</b>                               | 14          |                       | (2,233)               |                       | (1,769)               |
| <b>Net assets</b>  |             |                       | <u>67,451</u>         |                       | <u>42,285</u>         |
| <b>Capital and reserves</b>                                    |             |                       |                       |                       |                       |
| Called up share capital  | 17          |                       | 1,500                 |                       | 1,500                 |
| Currency Translation   |             |                       | 234                   |                       | (91)                  |
| Profit and loss account  |             |                       | 65,717                |                       | 40,876                |
| <b>Total equity</b>  |             |                       | <u>67,451</u>         |                       | <u>42,285</u>         |

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2019.



A D Gray

Director

The notes on pages 11 to 22 form part of these financial statements.

**Welbilt UK Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2018**

|   | Share<br>capital<br>£'000 | Currency<br>translation<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>equity<br>£'000 |
|---|---------------------------|----------------------------------|--|--------------------------|
| 1 January 2018                                      | 1,500                     | (91)                             | 40,876                                 | 42,285                   |
| <b>Comprehensive income for the year</b>            |                           |                                  |  |                          |
| Profit for the year                                 | -                         | -                                | 24,841                                 | 24,841                   |
| Other Comprehensive Income                          | -                         | 325                              | -                                      | 325                      |
|   | <hr/>                     | <hr/>                            | <hr/>                                  | <hr/>                    |
| <b>Contributions by and distributions to owners</b> |                           |                                  |  |                          |
| Dividends   | -                         | -                                | -                                      | -                        |
|   | <hr/>                     | <hr/>                            | <hr/>                                  | <hr/>                    |
| <b>31 December 2018</b>                             | <b>1,500</b>              | <b>234</b>                       | <b>65,717</b>                          | <b>67,451</b>            |
|   | <hr/>                     | <hr/>                            | <hr/>                                  | <hr/>                    |
| 1 January 2017                                      | 1,500                     | 487                              | 24,877                                 | 26,864                   |
| <b>Comprehensive income for the year</b>            |                           |                                  |  |                          |
| Profit for the year                                 | -                         | -                                | 15,999                                 | 15,999                   |
| Other Comprehensive Income                          | -                         | (578)                            | -                                      | (578)                    |
|   | <hr/>                     | <hr/>                            | <hr/>                                  | <hr/>                    |
| <b>Contributions by and distributions to owners</b> |                           |                                  |  |                          |
| Dividends   | -                         | -                                | -                                      | -                        |
|   | <hr/>                     | <hr/>                            | <hr/>                                  | <hr/>                    |
| <b>31 December 2017</b>                             | <b>1,500</b>              | <b>(91)</b>                      | <b>40,876</b>                          | <b>42,285</b>            |
|   | <hr/>                     | <hr/>                            | <hr/>                                  | <hr/>                    |

The notes on pages 11 to 22 form part of these financial statements.

# Welbilt UK Limited

## Notes forming part of the financial statements for the year ended 31 December 2018

### 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.

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

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

In preparing these financial statements, the company has taken advantage of the following reduced disclosure exemptions available under FRS 102, on the basis that publicly available consolidated financial statements, in which it is included are prepared by the ultimate UK parent company, Enodis Group Limited:

- Disclosures in respect of financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- Disclosures in respect of transactions with fellow wholly group companies have been omitted where the results of these companies are fully consolidated by the parent; and
- No statement of cash flows has been presented within these financial statements as a consolidated statement of cash flows, in which the results of this company are included, is disclosed within the consolidated financial statements of the parent company.

The intention to apply these reduced disclosures has been communicated to all members holding more than 5% of the voting share capital of this company, with no objections to the application being received.

The following principal accounting policies have been applied:

#### *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; in terms of services, this is when those services have been provided.

#### *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 |

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.

# Welbilt UK Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

### 1 Accounting policies *(continued)*

#### *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.

#### *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.

#### *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.

# Welbilt UK Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

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### **1 Accounting policies *(continued)***

#### *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.

#### *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 warranty period.

# Welbilt UK Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

### 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 10)*

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 14)*

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

### 3 Analysis of turnover

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| Analysis of turnover by country of destination: |               |               |
| United Kingdom                                  | 38,044        | 44,069        |
| Europe, Middle East and Africa                  | 30,678        | 21,348        |
| Asia Pacific                                    | 3,457         | 2,441         |
| Americas and Rest of the World                  | 23,889        | 17,042        |
|   | <hr/>         | <hr/>         |
|   | 96,068        | 84,900        |
|   | <hr/>         | <hr/>         |

### 4 Operating profit

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| This is arrived at after charging:   |               |               |
| Depreciation of tangible fixed assets  | 442           | 434           |
| Fees payable to the company's auditor and its associates<br>for the audit of the company's annual accounts | 48            | 48            |
| Taxation compliance services   | 14            | 14            |
| Exchange differences   | (290)         | (132)         |
| Defined contribution pension cost  | 434           | 402           |
| Plant and machinery - operating lease rentals payable  | 603           | 635           |
| Land and buildings - operating lease rentals payable   | 842           | 658           |
|  | <hr/>         | <hr/>         |



## Welbilt UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

|          |   |               |               |
|----------|---|---------------|---------------|
| <b>5</b> | <b>Interest payable</b>   | <b>2018</b>   | <b>2017</b>   |
|          |   | <b>£'000</b>  | <b>£'000</b>  |
|          | Analysis of interest paid:  |               |               |
|          | Bank and other interest   | 16            | 16            |
| <b>6</b> | <b>Employees</b>  | <b>2018</b>   | <b>2017</b>   |
|          |   | <b>£'000</b>  | <b>£'000</b>  |
|          | Staff costs (including directors) consist of:   |               |               |
|          | Wages and salaries  | 12,257        | 12,145        |
|          | Social security costs   | 1,066         | 1,111         |
|          | Cost of defined contribution scheme   | 434           | 402           |
|          |   | <b>13,757</b> | <b>13,658</b> |
|          | The average number of employees (including directors) during the year was as follows: |               |               |
|          |   | <b>2018</b>   | <b>2017</b>   |
|          |   | <b>Number</b> | <b>Number</b> |
|          | Management and administration   | 21            | 22            |
|          | Production and service  | 176           | 179           |
|          | Selling and distribution  | 85            | 85            |
|          |   | <b>282</b>    | <b>286</b>    |
| <b>7</b> | <b>Directors' remuneration</b>  | <b>2018</b>   | <b>2017</b>   |
|          |   | <b>£'000</b>  | <b>£'000</b>  |
|          | Directors' emoluments   | 228           | 386           |
|          | Company contributions to money purchase pension schemes                               | 16            | 11            |
|          |   | <b>244</b>    | <b>397</b>    |

There were 2 (2017 - 2) directors 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 members, 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 £179k (2017 - £249k) and pension contributions of £13k (2017 - £Nil).

## Welbilt UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

| <b>8 Taxation on profit on ordinary activities</b> | <b>2018<br/>£'000</b> | <b>2017<br/>£'000</b> |
|--|-----------------------|-----------------------|
| <i>UK corporation tax</i>                          |                       |                       |
| Current tax on profits of the year                 | <b>109</b>            | 1,378                 |
| Adjustment in respect of previous periods          | <b>289</b>            | -                     |
|  | <hr/>                 | <hr/>                 |
| Total current tax                                  | <b>398</b>            | 1,378                 |
| <i>Deferred tax</i>                                |                       |                       |
| Origination and reversal of timing differences     | <b>185</b>            | 248                   |
| Adjustments in respect of prior years              | <b>35</b>             | 4                     |
|  | <hr/>                 | <hr/>                 |
| Taxation on profit on ordinary activities          | <b>618</b>            | 1,630                 |
|  | <hr/>                 | <hr/>                 |

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

|  | <b>2018<br/>£'000</b> | <b>2017<br/>£'000</b> |
|--|-----------------------|-----------------------|
| Profit on ordinary activities before tax   | <b>25,459</b>         | 17,629                |
|  | <hr/>                 | <hr/>                 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 - 19.25%) | <b>4,837</b>          | 3,393                 |
| Effects of:  |                       |                       |
| Expenses not deductible for tax purposes   | <b>124</b>            | 124                   |
| Profits on disposal of fixed assets  | <b>1</b>              | -                     |
| Group relief claimed   | <b>(4,647)</b>        | (1,858)               |
| Adjustments in respect of prior years  | <b>324</b>            | 4                     |
| Difference in deferred tax and current tax rates used  | <b>(21)</b>           | (33)                  |
|  | <hr/>                 | <hr/>                 |
| Total tax charge for year  | <b>618</b>            | 1,630                 |
|  | <hr/>                 | <hr/>                 |

For further information on deferred tax balances see note 16.

## Welbilt UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

#### 9 Tangible fixed assets

|                       | Leaseholds<br>improvements<br>£'000 | Construction<br>in progress<br>£'000 | Plant,<br>machinery<br>and motor<br>vehicles<br>£'000 | Fixtures,<br>fittings and<br>equipment<br>£'000 | Total<br>£'000 |
|-----------------------|-------------------------------------|--------------------------------------|---|---|----------------|
| <i>Cost</i>           |                                     |                                      |   |   |                |
| At 1 January 2018     | 1,208                               | 128                                  | 4,007   | 3,107   | 8,450          |
| Transfer              | -                                   | (128)                                | -   | 128   | -              |
| Additions             | -                                   | 47                                   | 13  | 2   | 62             |
| At 31 December 2018   | <b>1,208</b>                        | <b>47</b>                            | <b>4,020</b>  | <b>3,237</b>                                    | <b>8,512</b>   |
| <i>Depreciation</i>   |                                     |                                      |   |   |                |
| At 1 January 2018     | 904                                 | -                                    | 2,573   | 2,820   | 6,297          |
| Charge for the year   | 101                                 | -                                    | 234   | 108   | 443            |
| At 31 December 2018   | <b>1,005</b>                        | <b>-</b>                             | <b>2,807</b>  | <b>2,928</b>                                    | <b>6,740</b>   |
| <i>Net book value</i> |                                     |                                      |   |   |                |
| At 31 December 2018   | <b>203</b>                          | <b>47</b>                            | <b>1,213</b>  | <b>309</b>                                      | <b>1,772</b>   |
| At 31 December 2017   | <b>304</b>                          | <b>128</b>                           | <b>1,434</b>  | <b>287</b>                                      | <b>2,153</b>   |

#### Finance Leases

The net book value of plant, machinery and vehicles for the company includes an amount of £775k (2017 - £868k) in respect of assets held under finance leases and hire purchase contracts.

#### 10 Stocks

|                                     | 2018<br>£'000 | 2017<br>£'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables       | 2,769         | 2,271         |
| Finished goods and goods for resale | 3,996         | 3,512         |
|                                     | <b>6,765</b>  | <b>5,783</b>  |

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 £45.3m (2017 - £41.9m).

The charge recognised in the income statement for the period in respect of stock provisions was £29k (2017 - £28k).

## Welbilt UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

#### 11 Debtors

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| Amounts owed by parent and fellow subsidiary undertakings | 72,954        | 46,100        |
| Other debtors   | 26            | 17            |
| Prepayments and accrued income                            | 811           | 783           |
| Deferred tax asset (note 16)                              | 882           | 1,101         |
| Derivatives and Financial Instruments                     | 237           | 26            |
|   | 74,910        | 48,027        |

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. Subsequent to the balance sheet date the company converted £35m of the amounts owed by parent and fellow subsidiary undertakings into a long term note bearing interest at GBP 3-month LIBOR plus 375bps. This note was then distributed as a dividend in specie to its parent company, Welbilt (Halesowen) Limited (see note 20).

The credit/charge recognised in the income statement for the period in respect of bad and doubtful trade debtors was 2018 – (£69k) (2017 - £45k).

#### 12 Creditors: amounts falling due within one year

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| AR Securitisation                                  | 549           | 759           |
| Trade creditors                                    | 6,289         | 4,446         |
| Amounts owed to parent and subsidiary undertakings | 1,695         | 1,060         |
| Other taxes and social security                    | 790           | 769           |
| Corporation tax                                    | 361           | 754           |
| Accruals and deferred income                       | 3,636         | 3,619         |
| Obligations Under Finance Leases                   | 201           | 201           |
| Derivatives and Financial Instruments              | 3             | 118           |
|  | 13,524        | 11,726        |

With other members of the Welbilt Inc. group of companies, the company participates in a programme of funding involving the securitisation of certain of its third party receivable ledgers. The balance on AR Securitisation represents the net payable/refundable position due under the funding line as at the balance sheet date. This funding programme terminated in March 2019 and the closing positions have been settled (see note 20).

Included within creditors: amounts falling due within one year is deferred government grant income of £6k (2017 - £25k). This relates to government grants for capital expenditure. Amounts recognised in the income statement during the year total £19k (2017 - £19k).

## Welbilt UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 *(continued)*

### 13 Creditors: amounts falling due after more than one year

|                                  | 2018<br>£'000 | 2017<br>£'000 |
|----------------------------------|---------------|---------------|
| Deferred Income                  | -             | 6             |
| Obligations Under Finance Leases | 351           | 552           |
|                                  | <u>351</u>    | <u>558</u>    |

Total of group future minimum lease payments under finance leases:

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Not later than 1 year                        | 201           | 201           |
| Later than 1 year and not later than 5 years | 351           | 551           |
| Later than 5 years                           | -             | -             |
|  | <u>552</u>    | <u>752</u>    |
| Total  |               |               |

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

### 14 Provisions for liabilities

|                             | Warranty<br>£'000 | Dilapidations<br>£'000 | Total<br>£'000 |
|-----------------------------|-------------------|------------------------|----------------|
| At 1 January 2018           | 1,472             | 297                    | 1,769          |
| Charged to income statement | 1,876             | 60                     | 1,936          |
| Utilised in year            | (1,472)           | -                      | (1,472)        |
|                             | <u>1,876</u>      | <u>357</u>             | <u>2,233</u>   |
| At 31 December 2018         |                   |                        |                |

## Welbilt UK Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

#### 15 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 £434k in the year (2017 - £402k). At 31 December 2018 outstanding contributions amounted to £1k (2017 - £1k).

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 liability for this scheme of £6.7m (2017 - £11.4m) under FRS 102. As an associated employer the company may become liable for part or the whole of the 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 2016 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 (2017 - £Nil).

#### 16 Deferred taxation asset

|                             | £'000      |
|-----------------------------|------------|
| At 1 January 2018           | 1,101      |
| Credited to profit and loss | (219)      |
|                             | <hr/>      |
| At 31 December 2018         | <b>882</b> |
|                             | <hr/>      |

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| The deferred tax asset is made up as follows: |               |               |
| Short term timing differences                 | 61            | 50            |
| Depreciation in excess of capital allowances  | 821           | 1,051         |
|   | <hr/>         | <hr/>         |
|   | <b>882</b>    | <b>1,101</b>  |
|   | <hr/>         | <hr/>         |

# Welbilt UK Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)

## 17 Share capital

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| <i>Allotted, called up and fully paid</i> |               |               |
| 1,500,000 Ordinary shares of £1 each      | 1,500         | 1,500         |

The shares have full voting rights attached to them.

### Share Capital

Share capital represents the nominal value of the shares issued.

### Currency translation adjustment

Currency translation adjustment represents unrealised gains or losses on the translation of 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.

## 18 Commitments under operating leases

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

|   | Land and<br>buildings<br>2018<br>£'000 | Other<br>2018<br>£'000 | Land and<br>buildings<br>2017<br>£'000 | Other<br>2017<br>£'000 |
|---|--|------------------------|--|------------------------|
| Not later than 1 year                           | 818                                    | 435                    | 759                                    | 472                    |
| Later than 1 year and not later<br>than 5 years | 2,001                                  | 644                    | 2,463                                  | 387                    |
| Later than 5 years                              | 1,246                                  | -                      | 1,661                                  | -                      |
|   | <b>4,065</b>                           | <b>1,079</b>           | <b>4,883</b>                           | <b>859</b>             |

## 19 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.

## **Welbilt UK Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)***

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#### **20 Subsequent events**

On 31 January 2019 the company converted a £35,000,000 receivable due from a fellow subsidiary into a long term loan with the same party. This loan bears interest at a variable rate based on the GBP 3-month LIBOR plus 375bps. On 31 May 2019 the company distributed this loan note by way of a dividend in specie to its immediate parent, Welbilt (Halesowen) Limited.

For some years the company, together with other members of the Welbilt Inc. group of companies, has participated in a programme of funding involving the securitisation of certain of its third party receivable ledgers. Following an internal review by Welbilt Inc. this form of funding was no longer considered appropriate or necessary and the programme was terminated in March 2019.

#### **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.

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.