

Welbilt UK Limited

Report and Financial Statements

Year ended

31 December 2022

Company Number 02656967



Welbilt UK Limited

Report and financial statements for the year ended 31 December 2022

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Directors

C F Lacey
C L Driffield
M Anastasia
A Cocchi

Business address

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

Secretary and registered office

Prima Secretary Limited, Newcastle Helix, Newcastle Upon Tyne, United Kingdom, NE4 5DE

Company number

02656967

Auditors

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

Welbilt UK Limited

Strategic report for the year ended 31 December 2022

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

Business review and principal activities

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

The Statement of Comprehensive Income is set out in page 12 and shows a profit before tax of £44.4m (2021 - £37.0m).

Turnover increased 27% (2022 - £165.4m; 2021 - £130.5m), attributable mainly to; 1) 2021 impacted by Covid-19 pandemic, especially in the first half, which also resulted in some pent-up demand in the second half of 2022 and 2) an increase in orders for equipment distributed in the UK, supplied by other Companies within the Welbilt Group based outside the UK. Financial performance remained strong, achieving a gross margin of 34.7% (2021: 36.3%) and operating margin of 25.8% (2021: 27.8%). The reduction in gross and operating margin was due to the strong growth in the distribution activities of Welbilt products manufactured outside of the UK. This type of distribution activity in 2022 was 26% of revenue (2021: 22% of revenue).

Inventory turns reduced by 1.1 to 5.3 in 2022 (2021 6.4 turns), due to the long lead time on some components and global shortage of semi-conductors, actions to minimise this impact were taken including increasing safety stock levels.

The commercial foodservice industry has continued to recover from the negative impacts of the COVID-19 pandemic, thanks to the containment of the pandemic brought about by the vaccine rollout, the recovery in global demand was more rapid than expected. Shipping and logistics delays have reduced during 2022 and the actions taken to contain and mitigate the impact have been successful, resulting in minimal disruption to our business during.

The global economy continues to experience a period of uncertainty due to exceptionally high inflation, procurement issues throughout the value chain and constant increases in raw material and energy costs. We have started to see improvements in availability of key electronic components used in embedded electronic controls, which diminished in 2021 and have still to recover. The International Monetary Fund forecasts a marked slowdown in the global economic cycle for 2023. However, the Company believes that it can successfully deal with these elements of uncertainty, on both an operating and a financial level, and forecast volumes of business to remain stable. This forecast is backed up by the volume of sales orders the Company managed to secure in the final months of 2022 and which will be fulfilled during 2023.

On 28 July 2022, the acquisition of the Welbilt Group by Ali Group of which Welbilt UK Limited is part of, was successfully completed, further improving its product portfolio as well as strengthening its presence on the food service equipment market on a global scale. There has not been any significant impact on the Company due to the change in ownership and it is expected that this will open new opportunities, and future possible positive change.

Impact of Military Conflict Between Russia and Ukraine on our Business

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

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

Welbilt UK Limited

Strategic report for the year ended 31 December 2022 (*continued*)

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:

Supply Chain Disruption and Inflation

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

Liquidity risk

The company is a participant in the group treasury function which has the objective of maintaining a balance between continuity of funding and appropriately investing in the money markets. All cash management is performed centrally and the company's cash position is monitored weekly.

Credit risk

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

Price risk/competitive market risk

The company is exposed to commodity price risk. The company does not manage locally its exposure to commodity price risk due to cost benefit considerations but benefits from such hedges as may from time to time be taken out at group level.

Foreign exchange risk

Foreign exchange risk is mitigated by taking forward cover through the corporate treasury function based in USA for any potential exposures.

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

Retaining and Recruiting Staff

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

Selected current initiatives supporting this strategic objective include:

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

Welbilt UK Limited

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Going concern

The directors have considered this period of uncertainty due to exceptionally high inflation, procurement issues, the conflict in Ukraine and the potential slowdown of the commercial food service in 2023 on forecast and projections and we are pleased to say, Welbilt UK Limited has not and is not expected to require external financial support to continue to meet financial obligations as and when they fall due.

We continue to be cash generative and at the discretion of management, the excess is swept into a cash pool facility managed at the group level, this enables flexibility in how we operate financially within the group. Cash at bank and in hand at the yearend was £13.3m (2021: £1.0m) and the cash pool balance was £43.2m (2021: £56.0m).

Revenue has continued to grow with strong customer demand exceeding our expectations. The directors, having considered the uncertainties of the economic environment and a sensitivity analysis of the forecasts and projections, have concluded that it is appropriate to prepare the accounts on a going concern basis.

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

Key performance indicators

Financial key performance indicators are employed and the directors are satisfied that the following KPI's reflect the progress of the business:

	2022	2021
Growth of sales	27%	92%
Gross margin %	35%	36%
Operating margin	26%	28%
Inventory turns	5.3	6.4

Section 172 Statement

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

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

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

Key stakeholders were considered in 2022, they are listed below with examples of the stakeholder engagement activities that took place in 2022.

Welbilt UK Limited

Strategic report for the year ended 31 December 2022 (continued)

Section 172 Statement (continued)

Risk Management

Throughout the year, the company identifies and reviews potential risks and uncertainties that could have a material impact on performance and has put in place internal processes and controls designed to mitigate these risks, as outlined in this report (page 2).

Employees

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

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

Examples of significant events included:

- Return from COVID – 'The New Normal', including Hybrid working policy for some functions
- Change of ownership – Transition culturally to Ali Group working requirements.
- Cost of living support (one off payment awarded, excluding senior management and above)
- Apprenticeships and Interns
- Mental health awareness and support
- EV – factory charging facility and home installation support

Suppliers

Our continued strong relationships and regular communications with suppliers is critical to remain an industry leader and grow our reputation as an innovative company, we continuously develop our products. We leverage our suppliers to actively address product competitiveness and life cycle extensions.

Customers

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

We co-create innovation and refresh existing products with new, locally relevant food-inspiring technologies, while simultaneously finding new ways to integrate those technologies into global platforms in a cost-effective manner and create cohesive kitchen systems for our customers.

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

Welbilt UK Limited

Strategic report for the year ended 31 December 2022 (*continued*)

Section 172 Statement (*continued*)

Community, Environment and Regulators

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

Shareholders

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

Approval

This strategic report was approved on behalf of the Board on 27th September 2023.



C L Driffield

Director

Welbilt UK Limited

Report of the directors for the year ended 31 December 2022

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

Directors

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

A D Gray (resigned 23 September 2022)
C F Lacey
C L Driffield (appointed 23 September 2022)
A Maurizio (appointed 23 September 2022)
A Cocchi (appointed 23 September 2022)

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 2022 (continued)

Streamlined energy and carbon reporting (SECR) disclosure

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

	2022	2021
Energy consumption used to calculate emissions (kWh)	5,206,771	3,775,743
Emissions from combustion of gas (Scope 1) tCO ₂ e	397	107
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	33	312
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e	N/A	47
Emissions from purchased electricity (Scope 2, location-based) tCO ₂ e	559	348
Emissions from purchased electricity (Scope 2, market-based) tCO ₂ e	-	-
Total gross tCO ₂ e based on above	989	814
Total gross tCO ₂ e based on above (market-based)	430	466
Intensity ratio (kgCO ₂ e / Number of manufactured unit)	27.12	25.32
Intensity ratio (kgCO ₂ e/Number of Manufactured units) (market-based)	11.79	14.49

Energy efficiency action summary

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

- Site calculated it's Carbon Footprint Scope 1,2 & 3. Enabling baseline data to be set to achieve 2030 greenhouse reductions.
- Company has met the requirements of ESOS Phase 3 for submission 2023
- Electric Car charging facilities installed.
- Merrychef environmental social governance report compiled.

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

Welbilt UK Limited

Report of the directors for the year ended 31 December 2022 (*continued*)

Business Review

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

Subsequent Events

The Company has evaluated events from 31 December 2022 through to the date the financial statements were issued. On 31 August 2023 the company paid a dividend of £20m to its parent company. There were no other subsequent events that need disclosure.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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

On behalf of the Board



C L Driffield
Director

Date: 27th September 2023

Welbilt UK Limited

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Welbilt UK Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Welbilt UK Limited

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

Other Companies Act 2006 reporting

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;
- we considered the significant laws and regulations to be the applicable accounting framework, UK company law and UK tax legislation.

Welbilt UK Limited

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

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be manual journal entries, including revenue recognition through manual entry and significant estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Neil Ebdon

DC0D988B4F07404

Neil Ebdon (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Leeds, UK

Date: 27 September 2023

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

Welbilt UK Limited

Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	3	165,349	130,534
Cost of sales		(107,922)	(83,146)
Gross profit		57,427	47,388
Distribution costs		(7,826)	(6,713)
Administrative expenses		(6,986)	(4,692)
Other operating income	4	-	296
Operating profit	4	42,615	36,279
Interest payable and similar charges	5	(3)	(22)
Group interest receivable		1,819	743
Profit on ordinary activities before taxation		44,431	37,000
Taxation on profit on ordinary activities	8	(492)	(2,074)
Profit for the financial year		43,939	34,926
Other comprehensive income for the year		-	170
Total comprehensive income for the year		43,939	35,096

All amounts relate to continuing activities.

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

Welbilt UK Limited

Balance sheet at 31 December 2022

Company number: 02656967	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	9		86		118
Tangible assets	10		4,184		4,784
			<u>4,270</u>		<u>4,902</u>
Current assets					
Stocks	11	20,314		13,090	
Debtors	12	68,477		77,113	
Cash at bank and in hand		13,277		953	
		<u>102,068</u>		<u>91,156</u>	
Creditors: amounts falling due within one year	13	(13,920)		(13,053)	
Net current assets			<u>88,148</u>		<u>78,103</u>
Total assets less current liabilities			<u>92,418</u>		<u>83,005</u>
Creditors: amounts falling due after more than one year	14		(44)		(85)
Provision for liabilities	15		(5,463)		(4,948)
Net assets			<u>86,911</u>		<u>77,972</u>
Capital and reserves					
Called up share capital	18		1,500		1,500
Currency Translation			-		-
Profit and loss account			85,411		76,472
Total equity			<u>86,911</u>		<u>77,972</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27th September 2023.



C L Driffield

Director

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

Welbilt UK Limited
Statement of changes in equity
For the year ended 31 December 2022

	Share capital £'000	Currency translation £'000	Retained earnings £'000	Total equity £'000
1 January 2022	1,500	-	76,472	77,972
Comprehensive income for the year				
Profit for the year	-	-	43,939	43,939
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	43,939	43,939
Contributions by and distributions to owners				
Dividends	-	-	(35,000)	(35,000)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2022	1,500	-	85,411	86,911
	<hr/>	<hr/>	<hr/>	<hr/>
1 January 2021	1,500	(170)	69,896	71,226
Comprehensive income for the year				
Profit for the year	-	-	34,926	34,926
Other Comprehensive Income	-	170	-	170
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	170	34,926	35,096
Contributions by and distributions to owners				
Dividends	-	-	(28,350)	(28,350)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2021	1,500	-	76,472	77,972
	<hr/>	<hr/>	<hr/>	<hr/>

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

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022

1 Accounting policies

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

Going Concern

The directors have considered this period of uncertainty due to exceptionally high inflation, procurement issues, the conflict in Ukraine and the potential slowdown of the commercial food service in 2023 on forecast and projections and we are pleased to say, Welbilt UK Limited has not and is not expected to require external financial support to continue to meet financial obligations as and when they fall due.

We continue to be cash generative and at the discretion of management, the excess is swept into a cash pool facility managed at the group level, this enables flexibility in how we operate financially within the group. Cash at bank and in hand at the yearend was £13.3m (2021: £1.0m) and the cash pool balance was £43.2m (2021: £56.0m).

Revenue has continued to grow with strong customer demand exceeding our expectations. The directors, having considered the uncertainties of the economic environment and a sensitivity analysis of the forecasts and projections, have concluded that it is appropriate to prepare the accounts on a going concern basis.

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

Basis of preparation

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

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

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Enodis Group Limited as at 31 December 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The following principal accounting policies have been applied:

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards have passed to the customer: in terms of goods, this is generally on delivery of those goods based on incoterms.

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

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

Intangible fixed assets

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

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the income statement.

Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

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

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Finished stocks include manufacturing overheads but exclude selling, distribution and administrative overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Foreign currency translation

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

Leased assets

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

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

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Pension costs

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

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Dilapidations

Provision for dilapidations is made in respect of the contractual requirement to restore properties at the end of their period of lease to their original state.

Warranty

A provision is made for the anticipated costs of meeting warranty obligations from the point of sale to the end of the standard warranty period.

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

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

Stock provision (note 11)

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

Warranty provision (note 15)

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

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

3 Analysis of turnover

	2022 £'000	2021 £'000
Analysis of turnover by country of destination:		
United Kingdom	50,633	35,604
Europe, Middle East and Africa	39,489	31,641
Asia Pacific	8,741	6,129
Americas and Rest of the World	66,486	57,160
	<u>165,349</u>	<u>130,534</u>
Analysis of turnover by class of business:		
Goods	161,884	127,871
Services	3,465	2,663
	<u>165,349</u>	<u>130,534</u>

4 Operating profit

	2022 £'000	2021 £'000
This is arrived at after charging / (crediting):		
Amortisation of intangible fixed assets	32	32
Depreciation of tangible fixed assets	776	461
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	60	51
Taxation compliance services	15	15
Other non-audit services	19	-
Exchange differences	2,440	(1,257)
Defined contribution pension cost	568	507
Plant and machinery - operating lease rentals payable	184	208
Land and buildings - operating lease rentals payable	722	650
Government grants – furlough	-	(296)
	<u></u>	<u></u>

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

5 Interest payable

	2022 £'000	2021 £'000
Analysis of interest paid:		
Bank and other interest	3	22

6 Employees

	2022 £'000	2021 £'000
Staff costs (including directors) consist of:		
Wages and salaries	16,148	13,872
Social security costs	1,262	1,121
Cost of defined contribution scheme	568	507
	<u>17,978</u>	<u>15,500</u>

The average number of employees (including directors) during the year was as follows:

	2022 Number	2021 Number
Management and administration	21	22
Production and service	198	174
Selling and distribution	81	76
	<u>300</u>	<u>272</u>

7 Directors' remuneration

	2022 £'000	2021 £'000
Directors' emoluments	536	202
Company contributions to money purchase pension schemes	19	25
	<u>555</u>	<u>227</u>

There was 2 (2021 - 1) director in the company's defined contribution pension scheme during the year.

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

Emoluments of the highest paid director were £488k (2021 - £202k) and pension contributions of £18k (2021 - £25k).

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

8	Taxation on profit on ordinary activities	2022 £'000	2021 £'000
	<i>UK corporation tax</i>		
	Current tax on profits of the year	923	2,009
	Adjustment in respect of previous periods	(417)	(76)
		<hr/>	<hr/>
	Total current tax	506	1,933
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	(38)	509
	Adjustments in respect of prior years	24	(3)
	Effect of tax rate change on opening balance	-	(365)
		<hr/>	<hr/>
	Total deferred taxation	(14)	141
		<hr/>	<hr/>
	Taxation on profit on ordinary activities	492	2,074
		<hr/>	<hr/>

The tax assessed for the year is lower (2021 – lower) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	44,431	37,000
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021 - 19%)	8,442	7,030
Effects of:		
Expenses not deductible for tax purposes	12	10
Fixed asset differences	24	(77)
Group relief claimed	(7,585)	(4,556)
Amounts in respect of capitalised assets related to provisions	-	-
Adjustment to brought forward provisions	1	(12)
Adjustments in respect of prior years	(393)	(79)
Difference in deferred rates used	(9)	(242)
	<hr/>	<hr/>
Total tax charge for year	492	2,074
	<hr/>	<hr/>

For further information on deferred tax balances see note 17.

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

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

9 Intangible fixed assets

	Customer List £'000
<i>Cost</i>	
At 1 January 2022	161
Additions	-
At 31 December 2022	<u>161</u>
<i>Amortisation</i>	
At 1 January 2022	43
Charge for the year	32
At 31 December 2022	<u>75</u>
<i>Net book value</i>	
At 31 December 2022	<u>86</u>
At 31 December 2021	<u>118</u>

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

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

10 Tangible fixed assets

	Leaseholds improvements £'000	Construction in progress £'000	Plant, machinery and motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>					
At 1 January 2022	2,509	377	5,774	3,477	12,137
Transfers	-	(65)	-	65	-
Disposals	-	(31)	-	(38)	(69)
Additions	-	148	64	19	231
At 31 December 2022	<u>2,509</u>	<u>429</u>	<u>5,838</u>	<u>3,523</u>	<u>12,299</u>
<i>Depreciation</i>					
At 1 January 2022	1,259	-	3,081	3,013	7,353
Disposals	-	-	-	(14)	(14)
Charge for the year	138	-	401	237	776
At 31 December 2022	<u>1,397</u>	<u>-</u>	<u>3,482</u>	<u>3,236</u>	<u>8,115</u>
<i>Net book value</i>					
At 31 December 2022	<u>1,112</u>	<u>429</u>	<u>2,356</u>	<u>287</u>	<u>4,184</u>
At 31 December 2021	<u>1,250</u>	<u>377</u>	<u>2,693</u>	<u>464</u>	<u>4,784</u>

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

The net book value of plant, machinery and vehicles for the company includes an amount of £99k (2021 - £184k) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge on these assets was £101k (2021 - £96k).

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

11 Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	11,615	7,181
Finished goods and goods for resale	8,699	5,909
	<u>20,314</u>	<u>13,090</u>

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement value.

Stocks recognised as an expense in the year were £88,669k (2021 - £67,774k).

The charge recognised in the income statement for the period in respect of stock provisions was £258k, (2021 - £207k).

12 Debtors

	2022 £'000	2021 £'000
Amounts owed by parent and fellow subsidiary undertakings	59,081	68,611
Trade debtors	5,871	5,525
Other debtors	14	10
Prepayments and accrued income	1,103	1,401
Deferred tax asset (note 17)	1,025	1,011
Derivatives and Financial Instruments	-	5
Corporation tax	1,383	550
	<u>68,477</u>	<u>77,113</u>

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

Amounts owed by the parent company of £43,214k (2021 - £56,005k) are due on demand and relate to the cash pooling arrangement, interest is charged at a market rate. Amounts owed by fellow subsidiary undertakings of £15,867k (2021 - £12,606k) are trading related and are interest free and due on demand.

The charge recognised in the income statement for the period in respect of bad and doubtful trade debtors was £30k (2021 - £28k).

Welbilt UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

13 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	7,133	5,477
Amounts owed to parent and fellow subsidiary undertakings	3,051	3,967
Other taxes and social security	553	420
Accruals and deferred income	3,122	3,093
Obligations Under Finance Leases	61	96
	<u>13,920</u>	<u>13,053</u>

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

14 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Obligations Under Finance Leases	44	85
	<u>44</u>	<u>85</u>

Total of group future minimum lease payments under finance leases:

	2022 £'000	2021 £'000
Not later than 1 year	68	96
Later than 1 year and not later than 5 years	44	85
Later than 5 years	-	-
	<u>112</u>	<u>181</u>
Total		

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

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

15 Provisions for liabilities

	Warranty £'000	Dilapidations £'000	Total £'000
At 1 January 2022	3,055	1,893	4,948
Utilised in year	(1,881)	-	(1,881)
Added in the year	2,383	13	2,396
	<hr/>	<hr/>	<hr/>
At 31 December 2022	3,557	1,906	5,463
	<hr/>	<hr/>	<hr/>

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension charge represents contributions payable to the funds and amounted to £568k in the year (2021 - £506k). At 31 December 2022 outstanding contributions amounted to £49k (2021 - £8k).

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

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

The financial statements of Enodis Group Limited show a net pension surplus for this scheme of £3.5m (2021 surplus of £4.1m) under FRS 102. As an associated employer the company may become liable for part or the whole of any deficit in the scheme in the event of a winding up of the principal employer or other associated employer. The latest full actuarial valuation was carried out at 31 March 2019 and was by a qualified independent actuary on the basis of existing UK GAAP. The scheme having closed, contributions paid to Enodis Group Limited for the year were £Nil (2021 - £Nil).

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

17 Deferred taxation asset

	£'000
At 1 January 2022	1,011
Credited to profit and loss	14
	<hr/>
At 31 December 2022	1,025
	<hr/>

	2022 £'000	2021 £'000
The deferred tax asset is made up as follows:		
Short term timing differences	12	38
Depreciation in excess of capital allowances	1,013	973
	<hr/>	<hr/>
	1,025	1,011
	<hr/>	<hr/>

An immaterial amount of deferred tax is expected to reverse in the following period.

18 Share capital

	2022 £'000	2021 £'000
<i>Allotted, called up and fully paid</i>		
1,500,000 Ordinary shares of £1 each	1,500	1,500
	<hr/>	<hr/>

The shares have full voting rights attached to them.

Share Capital

Share capital represents the nominal value of the shares issued.

Currency translation adjustment

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

Retained Earnings

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

Welbilt UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

19 Commitments under operating leases

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

	Land and buildings 2022 £'000	Other 2022 £'000	Land and buildings 2021 £'000	Other 2021 £'000
Not later than 1 year	818	170	768	90
Later than 1 year and not later than 5 years	3,075	176	3,451	79
Later than 5 years	1,502	-	2,232	-
	<u>5,395</u>	<u>346</u>	<u>6,451</u>	<u>169</u>

20 Related party disclosures

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

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

21 Ultimate parent company

The company's immediate parent is Welbilt (Halesowen) Limited, a company incorporated in England and Wales.

The company's ultimate holding and controlling company is Ali Holding s.r.l, a company registered in Italy. Copies of the ultimate company's financial statements may be requested from the registered office address, Via Gobetti, 2a – Villa Florita, 20063 Cernusco sul Naviglio (Milano) Italy. This entity is consolidated in the group financial statements of Ali Holding s.r.l, the largest group in which this entity is consolidated.

22 Events after the reporting period

On 31 August 2023 the company paid a dividend of £20m to its parent company. There have been no other significant events affecting the company since the year end.