

STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020
FOR
FAVERSHAM LAUNDRY LIMITED

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FAVERSHAM LAUNDRY LIMITED

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For The Year Ended 31 March 2020

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FAVERSHAM LAUNDRY LIMITED

COMPANY INFORMATION
For The Year Ended 31 March 2020

DIRECTORS:

Mr R S Cope
Ms E E Knox
Mr N G Turner

SECRETARY:

Mr R S Cope

REGISTERED OFFICE:

29 Ashford Road
Faversham
Kent
ME13 8XN

REGISTERED NUMBER:

00054426 (England and Wales)

AUDITORS:

Swindells LLP
Chartered Accountant & Statutory Auditor
Atlantic House, 8 Bell Lane
Bellbrook Industrial Estate
Uckfield
East Sussex
TN22 1QL

FAVERSHAM LAUNDRY LIMITED

STRATEGIC REPORT **For The Year Ended 31 March 2020**

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

Faversham Laundry Limited operates from its new 28,000 ft² state of the art factory in Faversham and are proud to remain an independent family owned company offering the very best in commercial linen and workwear services to local businesses as well as to some of the biggest names in the leisure, hospitality, manufacturing, food preparation and retail sectors.

PRINCIPAL RISKS AND UNCERTAINTIES

In seeking to grow and develop the business, the Company faces a range of risks and uncertainties. These include increased competition, customer retention and the recovery of debtors. Debtor days were 48 days at 31 March 2020 (2019 - 53 days). Trade debt is mitigated by appropriate credit checks before contracts are approved. Customer retention and referral continues to remain high. The only Company debt is the bank loan for the rebuild and modernisation of the factory premises, with the bank loan being secured on the freehold factory at 29 Ashford Road, Faversham.

Further risk is foreseen with the ability of the company to recruit factory staff as with relatively low UK unemployment and the Brexit effect this had started to become more challenging, although this effect has been minimised currently due to Covid-19. We are and have been mechanising our systems to reduce our requirement for production staff but in our nature of business this can currently only be taken so far.

The Company considers that its available funds and those expected to be generated from trading operations will be more than sufficient for operational and planned expansion requirements.

KEY FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators of the company are as follows:

	2020	2019
Turnover (£'000)	4,218	4,353
Gross Profit (£'000)	1,473	1,612
Gross Profit (%)	35%	37%
Operating Profit/loss (£'000)	(56)	62
Operating Profit/loss (%)	(1.3)%	1.4%

The company relies on these and several other financial and non-financial performance indicators to continually monitor the performance of the business. The key performance metrics are reported and reviewed at board meetings on a regular basis.

The company continued to trade strongly through the majority of the year, but was impacted by Covid-19 in March 2020 with turnover decreasing from £4,352,796 to £4,217,990, a decrease of 3% and with the gross margin 35% (2019 37%). The trade sector remains very competitive with the sector hit from the current pandemic.

At the balance sheet date the company had net assets of £4,147,344 (2019 - £4,342,526).

FAVERSHAM LAUNDRY LIMITED

STRATEGIC REPORT
For The Year Ended 31 March 2020

FUTURE DEVELOPMENTS

Faversham Linen Services current strategy is to continue to grow organically, and it is anticipated that current year sales to March 2021 will reduce due to the impact of Covid-19. The main focus continues to be on the increase of workwear contracts utilising the new clean room that was added at the beginning of 2017 to enable us to reduce the proportion of seasonal work we undertake, thus enabling us to smooth out the peaks and troughs throughout the year and to increase productivity, which has for the past few years been the aim of the business.

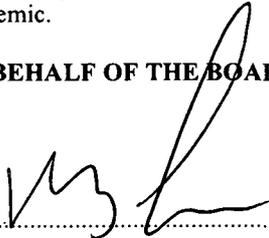
This will also enable us to maintain a more stable workforce and reduce the current levels of agency workers required.

We will continue to invest in people, machinery and vehicles so we can offer the market place the kind of technologically advanced partner they are looking to deal with.

In the year to 31 March 2020 we commissioned a new bag monorail system to automatically feed our washers directly from the sorting station. This will enable us to reduce labour in the wash house and as the system utilises unused space directly under the factory roof it will create much needed factory floor space. This investment and approach we believe will enable us to continue to develop and grow turnover in the market sectors that we are concentrating on.

The company has taken proactive steps to reduce the financial impact of the current Covid-19 pandemic, including the use of the Government furlough and Vat deferral schemes and no new bank borrowing has been or is anticipated to be required. The company is confident that through its continued strive for efficiencies in productivity via capital investment, well managed debt collection and strong reserves and balance sheet it will minimise the disruption caused by the pandemic.

ON BEHALF OF THE BOARD:



.....
Mr R S Cope - Director

Date:

24/03/21

FAVERSHAM LAUNDRY LIMITED

REPORT OF THE DIRECTORS
For The Year Ended 31 March 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of laundry services and linen hire.

DIVIDENDS

Interim dividends per share were paid during the year as follows:

Ordinary A £1 - 6 April 2019 £9.45312

Ordinary B £1 - 6 April 2019 £9.45312

The total distribution of dividends for the year ended 31 March 2020 will be £113,438

Interim dividends per share were proposed and paid since the year end were as follows:

Ordinary A £1 - 6 April 2020 £9.45312

Ordinary B £1 - 6 April 2020 £9.45312

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Mr R S Cope

Ms E E Knox

Mr N G Turner

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

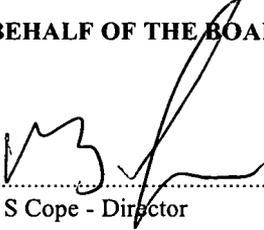
FAVERSHAM LAUNDRY LIMITED

REPORT OF THE DIRECTORS
For The Year Ended 31 March 2020

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



.....
Mr R S Cope - Director

Date: 24/03/21.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FAVERSHAM LAUNDRY LIMITED**

Opinion

We have audited the financial statements of Faversham Laundry Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss 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 Auditors' 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FAVERSHAM LAUNDRY LIMITED**

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 or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 a Report of the Auditors 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 on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Robert Willison FCCA (Senior Statutory Auditor)
for and on behalf of Swindells LLP
Chartered Accountant & Statutory Auditor
Atlantic House, 8 Bell Lane
Bellbrook Industrial Estate
Uckfield
East Sussex
TN22 1QL

Date: 26/3/21

FAVERSHAM LAUNDRY LIMITED

INCOME STATEMENT
For The Year Ended 31 March 2020

		2020		2019	
	Notes	£	£	£	£
TURNOVER	3		4,217,990		4,352,796
Cost of sales			<u>2,744,554</u>		<u>2,740,525</u>
GROSS PROFIT			1,473,436		1,612,271
Distribution costs		848,660		895,490	
Administrative expenses		<u>695,386</u>		<u>654,448</u>	
			<u>1,544,046</u>		<u>1,549,938</u>
			(70,610)		62,333
Other operating income			<u>14,212</u>		<u>-</u>
OPERATING (LOSS)/PROFIT	5		(56,398)		62,333
Interest payable and similar expenses	6		<u>23,293</u>		<u>21,565</u>
(LOSS)/PROFIT BEFORE TAXATION			(79,691)		40,768
Tax on (loss)/profit	7		<u>2,053</u>		<u>29,681</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			<u>(81,744)</u>		<u>11,087</u>

The notes form part of these financial statements

FAVERSHAM LAUNDRY LIMITED

OTHER COMPREHENSIVE INCOME
For The Year Ended 31 March 2020

	Notes	2020 £	2019 £
(LOSS)/PROFIT FOR THE YEAR		(81,744)	11,087
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(81,744)</u>	<u>11,087</u>

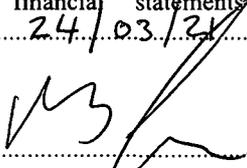
The notes form part of these financial statements

FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)

BALANCE SHEET
31 March 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	9	4,463,630	4,687,314
CURRENT ASSETS			
Stocks	10	120,403	115,347
Debtors	11	770,777	780,227
Cash at bank and in hand		<u>491,485</u>	<u>171,160</u>
		1,382,665	1,066,734
CREDITORS			
Amounts falling due within one year	12	<u>(697,328)</u>	<u>(491,250)</u>
NET CURRENT ASSETS		<u>685,337</u>	<u>575,484</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,148,967	5,262,798
CREDITORS			
Amounts falling due after more than one year	13	(531,187)	(428,035)
PROVISIONS FOR LIABILITIES	17	<u>(470,436)</u>	<u>(492,237)</u>
NET ASSETS		<u>4,147,344</u>	<u>4,342,526</u>
CAPITAL AND RESERVES			
Called up share capital	18	12,000	12,000
Retained earnings	19	<u>4,135,344</u>	4,330,526
SHAREHOLDERS' FUNDS		<u>4,147,344</u>	<u>4,342,526</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24/03/20 and were signed on its behalf by:


.....
Mr R S Cope - Director


.....
Ms E E Knox - Director

The notes form part of these financial statements

FAVERSHAM LAUNDRY LIMITED
STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 March 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	12,000	4,432,877	4,444,877
Changes in equity			
Dividends	-	(113,438)	(113,438)
Total comprehensive income	-	<u>11,087</u>	<u>11,087</u>
Balance at 31 March 2019	<u>12,000</u>	<u>4,330,526</u>	<u>4,342,526</u>
Changes in equity			
Dividends	-	(113,438)	(113,438)
Total comprehensive income	-	<u>(81,744)</u>	<u>(81,744)</u>
Balance at 31 March 2020	<u><u>12,000</u></u>	<u><u>4,135,344</u></u>	<u><u>4,147,344</u></u>

The notes form part of these financial statements

FAVERSHAM LAUNDRY LIMITED

CASH FLOW STATEMENT
For The Year Ended 31 March 2020

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	635,616	483,458
Tax paid		<u>(53,021)</u>	<u>(41,445)</u>
Net cash from operating activities		<u>582,595</u>	<u>442,013</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(277,468)	(290,113)
Sale of tangible fixed assets		<u>23,550</u>	<u>37,541</u>
Net cash from investing activities		<u>(253,918)</u>	<u>(252,572)</u>
Cash flows from financing activities			
New loans in year		620,000	-
Loan repayments in year		(451,902)	(69,658)
Repayment of Tiger Fund		-	(80,000)
Capital repayments in year		(71,484)	34,565
Amount introduced by directors		8,472	12,075
Equity dividends paid		<u>(113,438)</u>	<u>(113,438)</u>
Net cash from financing activities		<u>(8,352)</u>	<u>(216,456)</u>
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents		320,325	(27,015)
Cash and cash equivalents at beginning of year	2	171,160	198,175
		<hr/>	<hr/>
Cash and cash equivalents at end of year	2	<u>491,485</u>	<u>171,160</u>

The notes form part of these financial statements

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31 March 2020

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
(Loss)/profit before taxation	(79,691)	40,768
Depreciation charges	477,786	475,442
Profit on disposal of fixed assets	(184)	(260)
Finance costs	<u>23,293</u>	<u>21,374</u>
	421,204	537,324
Increase in stocks	(5,056)	(20,019)
Decrease in trade and other debtors	9,450	3,476
Increase/(decrease) in trade and other creditors	<u>210,018</u>	<u>(37,323)</u>
Cash generated from operations	<u>635,616</u>	<u>483,458</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>491,485</u>	<u>171,160</u>

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>171,160</u>	<u>198,175</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.19	Cash flow	At 31.3.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>171,160</u>	<u>320,325</u>	<u>491,485</u>
	<u>171,160</u>	<u>320,325</u>	<u>491,485</u>
Debt			
Finance leases	(201,366)	63,734	(137,632)
Debts falling due within 1 year	(57,000)	(32,000)	(89,000)
Debts falling due after 1 year	(290,402)	(151,641)	(442,043)
	<u>(548,768)</u>	<u>(119,907)</u>	<u>(668,675)</u>
Total	<u>(377,608)</u>	<u>200,418</u>	<u>(177,190)</u>

The notes form part of these financial statements

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For The Year Ended 31 March 2020**

1. STATUTORY INFORMATION

Faversham Laundry Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account is recognised at the point of service and represents linen laundering, rental and workwear services invoiced during the accounting period and are exclusive of Valued Added Tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 10% on cost and 2% on cost
Large contract workwear	- 33% on cost
Plant and machinery	- at varying rates on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost and 20% on cost

Stocks

Stock is comprised of chemicals and various linen items used by the company for its core business of the provision of laundry services and linen hire. Purchased linen items are included in stock and written down over the shorter of their contract life or estimated useful life, which ranges from 1-3 years.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2020

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company contributes to a defined contribution pension scheme. Contributions payable to the pension scheme are charged to profit or loss in the period to which they relate.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account.

Going concern

We have assessed whether the going concern basis of preparation continues to be appropriate, based on whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. This assessment has been required in light of the significant uncertainty around the short to medium term impact of the Covid-19 virus.

At the time of approving the financial statements the directors believe that all appropriate measures have been or will be taken to ensure that the company will be able to continue its operations for at least the next twelve months and therefore conclude that the going concern basis remains appropriate.

Government grants

The company has adopted the accrual model for the revenue-based coronavirus job retention scheme grant. The total received for the year to 31st March 2020 is £14,212 (31st March 2019 £Nil). The grant is recognised as income in the period in which it becomes available. The only other Government assistance that the company has utilised is the Vat deferral scheme for the vat quarter February to April 2020.

3. TURNOVER

The turnover and loss (2019 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
Sale of goods	12,570	9,417
Rendering of services	<u>4,205,420</u>	<u>4,343,379</u>
	<u><u>4,217,990</u></u>	<u><u>4,352,796</u></u>

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Directors' remuneration	88,829	88,699
Directors' pension contributions to money purchase schemes	<u>18,329</u>	<u>14,981</u>
	<u><u>107,158</u></u>	<u><u>103,680</u></u>

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

For The Year Ended 31 March 2020

Highest paid director (included in above)

	2020	2019
	£	£
Directors' remuneration	57,608	57,368
Directors' pension contributions to money purchase schemes	<u>12,000</u>	<u>9,000</u>
	<u><u>69,608</u></u>	<u><u>66,368</u></u>

There are 3 (2019 - 3) directors to whom retirement benefits are accruing under money purchase retirement benefit schemes.

Staff numbers and costs

	2020	2019
	£	£
Wages and salaries	1,806,527	1,850,891
Social security costs	114,399	118,030
Pension costs	<u>49,496</u>	<u>37,339</u>
	<u><u>1,970,422</u></u>	<u><u>2,006,260</u></u>

The average number of persons employed by the company during the year, including directors, amounted to:

	2020	2019
Production staff in cost of sales	82	83
Sales and office staff	10	10
Transportation staff	<u>13</u>	<u>14</u>
	<u><u>105</u></u>	<u><u>107</u></u>

5. OPERATING (LOSS)/PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation - owned assets	429,957	425,468
Depreciation - assets under HP	47,829	49,973
Profit on disposal of fixed assets	(184)	(260)
Auditor's remuneration	<u>7,950</u>	<u>9,000</u>
	<u><u>485,552</u></u>	<u><u>£484,181</u></u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank loan interest	15,543	12,041
Hire purchase	<u>7,750</u>	<u>9,524</u>
	<u><u>23,293</u></u>	<u><u>21,565</u></u>

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2020

7. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	23,854	53,021
Deferred tax	<u>(21,801)</u>	<u>(23,340)</u>
Tax on (loss)/profit	<u>2,053</u>	<u>29,681</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
(Loss)/profit before tax	<u>(79,691)</u>	<u>40,768</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(15,141)	7,746
Effects of:		
Expenses not deductible for tax purposes	5,927	2,157
Income not taxable for tax purposes	(35)	(49)
Depreciation in excess of capital allowances	33,103	43,167
Deferred tax	<u>(21,801)</u>	<u>(23,340)</u>
Total tax charge	<u>2,053</u>	<u>29,681</u>

8. DIVIDENDS

	2020	2019
	£	£
Ordinary A shares of £1 each		
Interim	90,750	90,750
Ordinary B shares of £1 each		
Interim	<u>22,688</u>	<u>22,688</u>
	<u>113,438</u>	<u>113,438</u>

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2020

9. **TANGIBLE FIXED ASSETS**

	Freehold property £	Large contract workwear £	Plant and machinery £
COST			
At 1 April 2019	2,100,884	246,500	3,688,383
Additions	-	28,071	197,962
Disposals	-	-	-
At 31 March 2020	<u>2,100,884</u>	<u>274,571</u>	<u>3,886,345</u>
DEPRECIATION			
At 1 April 2019	194,774	114,000	1,333,129
Charge for year	42,219	70,389	284,135
Eliminated on disposal	-	-	-
At 31 March 2020	<u>236,993</u>	<u>184,389</u>	<u>1,617,264</u>
NET BOOK VALUE			
At 31 March 2020	<u>1,863,891</u>	<u>90,182</u>	<u>2,269,081</u>
At 31 March 2019	<u>1,906,110</u>	<u>132,500</u>	<u>2,355,254</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2019	12,348	613,189	110,767	6,772,071
Additions	-	51,435	-	277,468
Disposals	-	(109,411)	-	(109,411)
At 31 March 2020	<u>12,348</u>	<u>555,213</u>	<u>110,767</u>	<u>6,940,128</u>
DEPRECIATION				
At 1 April 2019	12,348	334,076	96,430	2,084,757
Charge for year	-	74,407	6,636	477,786
Eliminated on disposal	-	(86,045)	-	(86,045)
At 31 March 2020	<u>12,348</u>	<u>322,438</u>	<u>103,066</u>	<u>2,476,498</u>
NET BOOK VALUE				
At 31 March 2020	<u>-</u>	<u>232,775</u>	<u>7,701</u>	<u>4,463,630</u>
At 31 March 2019	<u>-</u>	<u>279,113</u>	<u>14,337</u>	<u>4,687,314</u>

Included in cost of land and buildings is freehold land of £131,250 (2019 - £131,250) which is not depreciated.

The net book value of tangible fixed assets includes £195,796 (2019 - £243,625) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £47,829 (2019 - £49,973) for the year.

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2020

10.	STOCKS		
		2020	2019
		£	£
	Stocks	<u>120,403</u>	<u>115,347</u>
11.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2020	2019
		£	£
	Trade debtors	551,090	627,840
	Other debtors	14,712	-
	Stylepart Ltd loan account	49,955	89,955
	Prepayments	<u>155,020</u>	<u>62,432</u>
		<u>770,777</u>	<u>780,227</u>
12.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2020	2019
		£	£
	Bank loans and overdrafts (see note 14)	89,000	57,000
	Hire purchase contracts (see note 15)	48,488	63,733
	Trade creditors	258,577	124,931
	Tax	23,854	53,021
	Social security and other taxes	23,220	25,442
	VAT	113,507	64,993
	Other creditors	4,791	6,727
	Directors' current accounts	30,832	22,360
	Accrued expenses	<u>105,059</u>	<u>73,043</u>
		<u>697,328</u>	<u>491,250</u>
13.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
		2020	2019
		£	£
	Bank loans (see note 14)	442,043	290,402
	Hire purchase contracts (see note 15)	<u>89,144</u>	<u>137,633</u>
		<u>531,187</u>	<u>428,035</u>
14.	LOANS		
	An analysis of the maturity of loans is given below:		
		2020	2019
		£	£
	Amounts falling due within one year or on demand:		
	Bank loans	<u>89,000</u>	<u>57,000</u>
	Amounts falling due between one and two years:		
	Bank loans - 1-2 years	<u>89,000</u>	<u>57,000</u>

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2020

14. **LOANS - continued**

	2020	2019
	£	£
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>267,000</u>	<u>171,000</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>86,043</u>	<u>62,402</u>

15. **LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£	£
Net obligations repayable:		
Within one year	48,488	63,733
Between one and five years	<u>89,144</u>	<u>137,633</u>
	<u>137,632</u>	<u>201,366</u>

16. **SECURED DEBTS**

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	531,043	347,402
Hire Purchase	<u>137,632</u>	<u>201,366</u>
	<u>668,675</u>	<u>548,768</u>

The bank overdraft is secured by an unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company.

The bank loan is secured by a first legal charge on the freehold property 29 Ashford Road, Faversham, Kent and its associated assets.

The loans in respect of the hire purchase agreements are secured against the assets to which they relate.

17. **PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	<u>470,436</u>	<u>492,237</u>

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2020

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 April 2019	492,237
Profit and loss account	<u>(21,801)</u>
Balance at 31 March 2020	<u><u>470,436</u></u>

The amount of the net reversal of deferred tax expected to be released next year is £86,175 which relates to the reversal of existing timing differences on tangible fixed assets.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
9,600	Ordinary A	£1	9,600	9,600
2,400	Ordinary B	£1	<u>2,400</u>	<u>2,400</u>
			<u><u>12,000</u></u>	<u><u>12,000</u></u>

The company's ordinary A and ordinary B shares rank equally in terms of (a) voting rights - one vote for each share; (b) rights to participate in all approved dividend distributions for that class of share; and (c) rights to participate in any capital distribution on winding up.

19. RESERVES

	Retained earnings £
At 1 April 2019	4,330,526
Deficit for the year	(81,744)
Dividends	<u>(113,438)</u>
At 31 March 2020	<u><u>4,135,344</u></u>

20. CAPITAL COMMITMENTS

A capital commitment for the remaining amount of £184,247 was made in the accounting period ended 31st March 2019 in relation to an overhead monorail system. The balance of £26,321 has been accrued for in the year to 31st March 2020 and paid in full in the year to 31st March 2021.

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2020

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 March 2020 and 31 March 2019:

	2020	2019
	£	£
Mr R S Cope		
Balance outstanding at start of year	(17,116)	(5,894)
Amounts advanced	92,818	89,368
Amounts repaid	(100,590)	(100,590)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(24,888)</u>	<u>(17,116)</u>
Mr N G Turner		
Balance outstanding at start of year	(1,192)	(1,410)
Amounts advanced	3,219	3,117
Amounts repaid	(2,850)	(2,899)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(823)</u>	<u>(1,192)</u>
Ms E E Knox		
Balance outstanding at start of year	(4,051)	(2,981)
Amounts advanced	22,457	22,457
Amounts repaid	(23,527)	(23,527)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(5,121)</u>	<u>(4,051)</u>

The loans are unsecured, interest free and repayable on demand.

22. RELATED PARTY DISCLOSURES

A loan of £89,955 is outstanding from Stylepart Limited of which £40,000 has been provided for, leaving an outstanding unprovided for balance of £49,955. The director ES Knox is also a director of Stylepart Limited.

The loan is unsecured, interest free and repayable on demand.

FAVERSHAM LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2020

23. POST BALANCE SHEET EVENTS

Dividends:

Since the year end the company has declared dividends of £113,437.

Trading and Covid-19:

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by governments to contain the virus have affected economic activity. We have taken several measures to monitor and mitigate the effects of COVID-19, such as health and safety measures for our people (including social distancing and working from home) and securing the supply of materials that are essential to our production process. At this stage, the impact on our business and has been significant as a large proportion of our customer base work within the hospitality industry (Hotels, Restaurants, Golf Clubs etc). However, we still have a proportion of our business which is either unaffected or minimally effected (Food Processing, Hospitals, Care Homes and other light industry).

We continue to work at our Faversham plant at a reduced but sustainable volume, as costs such as energy, fuel, production materials are proportionate to our manufacturing volume. We have made a small proportion of redundancies to reduce the headcount and negated the historic need for agency staff. We are using the furlough scheme to recover staff costs for the allowed proportion of unworked hours. We have deferred VAT payments (as allowed by the UK government) and taken payment holidays offered on our bank loan and other finances where applicable to preserve cash. We have currently not needed to take out any additional borrowing or seek any other assistance.

We believe the actions we have taken will enable us to ride through this pandemic and come out the other side ready for business as usual.

24. CONTROLLING PARTY

The controlling party is Mr R S Cope.