

**REGISTERED NUMBER: 00054426 (England and Wales)**

**STRATEGIC REPORT,**  
**REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**  
**FOR**  
**FAVERSHAM LAUNDRY LIMITED**

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**For The Year Ended 31 March 2021**

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**FAVERSHAM LAUNDRY LIMITED**

**COMPANY INFORMATION**  
**For The Year Ended 31 March 2021**

**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 (REGISTERED NUMBER: 00054426)**

**STRATEGIC REPORT**  
**For The Year Ended 31 March 2021**

The directors present their strategic report for the year ended 31 March 2021.

**REVIEW OF BUSINESS**

Faversham Laundry Limited operates from its new 28,000 ft<sup>2</sup> 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 2021 (2020 - 48 days). Trade debt is mitigated by appropriate credit checks before contracts are approved. Customer retention and referral continues to remain high. The only bank borrowing 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:

	2021	2020
Turnover ( £'000 )	1,860	4,218
Gross Profit ( £'000 )	63	1,473
Gross Profit ( % )	3%	35%
Operating Profit/loss ( £'000 )	(504)	(56)
Operating Profit/loss ( % )	(27.1)%	(1.3)%

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 2021 with turnover decreasing from £4,217,990 to £1,860,068, a decrease of 56% and with the gross margin 3% (2020 35%). 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 £3,599,869 (2020 - £4,147,344).

**STRATEGIC REPORT**  
**For The Year Ended 31 March 2021**

**FUTURE DEVELOPMENTS**

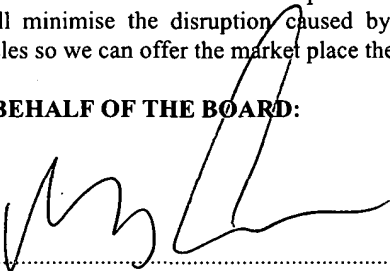
Faversham Linen Services current strategy is to continue to grow organically and this continues to be our aim despite the impact of Covid-19 on the years from 31st March 2020 to date. We forecast sales for 31st March 2022 to increase by 93.6% back to £3.6M but this will still be 17.3% down on year end 31st March 2019, being the last year end unaffected by Covid-19. Assuming no further disruptions to our marketplace we would anticipate being back to or very close to pre-pandemic levels of sales once again in year end 31st March 2023. We will continue to focus mainly on workwear contracts utilising the new clean room that was added at the beginning of 2017 and improved and reconfigured in the current year to 31st March 2022. This proved to be somewhat of a lifeline during the various lockdowns and enforced closure of large sections of the hospitality industry as we were at least able to continue providing workwear for largely unaffected markets such as the food trade.

We have, like other businesses, been affected by labour shortages particularly in the transportation department. We have managed this by increasing base wages and introducing bonus schemes for staff. This is to both retain current employees and to attract new employees. In the last few months, we have seen this settle down and do not anticipate any supply issues in the future due to staffing problems.

As well as the increased costs to the business in relation to the increase in staff wages mentioned above, we have also seen increases from our suppliers of chemicals, linen, energy, and fuel. To ensure the future viability of the business we have been forced to request quite substantial increases in the prices to our customers in the current year to 31st March 2022. These have obviously been met with some resistance but once we have explained and demonstrated the increase to our cost base they have generally been accepted without causing a loss of customers.

The company has taken proactive steps to reduce the financial impact of the current Covid-19 pandemic, including continued use of the Government furlough grant (last claim July 2021) and Vat deferral schemes (final payment January 2022). 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 it will minimise the disruption caused by the pandemic. We will also 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.

**ON BEHALF OF THE BOARD:**



Mr R S Cope - Director

Date: 09/12/2021

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**REPORT OF THE DIRECTORS**  
**For The Year Ended 31 March 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

**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 2020 £9.45312

Ordinary B £1 - 6 April 2020 £9.45312

The total distribution of dividends for the year ended 31 March 2021 will be £113,437

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

Ordinary A £1 - 6 April 2021 £9.45312

Ordinary B £1 - 6 April 2021 £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 2020 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.

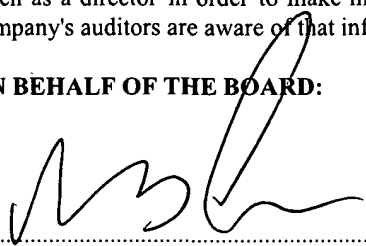
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

**REPORT OF THE DIRECTORS**  
**For The Year Ended 31 March 2021**

**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: 09/12/2021

**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 2021 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 2021 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**

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**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 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.

**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.

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:

- the company's internal controls have been discussed and understood prior to our audit testing. Internal controls have been tested through walkthrough testing, to assess whether controls are adequate, whether they are being followed, and whether irregularities and fraud are prevented.
- deficiencies in internal controls have been highlighted and explained to management, along with recommendations as to how deficiencies can be improved and the risk of irregularity and fraud occurrence minimised.
- representations have been provided by management that there were no identified cases of fraud or instances of non-compliance during or since the accounting period.
- substantive testing has been carried out to test the validity of transactions, with entries in the accounting system vouched to corresponding third party documentation and evidence of appropriate authorisation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

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

**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.

*R Willison*

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: .....20/12/21.....

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**INCOME STATEMENT**  
**For The Year Ended 31 March 2021**

		2021	2020
	Notes	£	£
<b>TURNOVER</b>	3	<b>1,860,068</b>	<b>4,217,990</b>
Cost of sales		<b>1,797,504</b>	<b>2,744,554</b>
<b>GROSS PROFIT</b>		<b>62,564</b>	<b>1,473,436</b>
Distribution costs		<b>578,720</b>	<b>848,660</b>
Administrative expenses		<b>638,070</b>	<b>695,386</b>
		<b>1,216,790</b>	<b>1,544,046</b>
		<b>(1,154,226)</b>	<b>(70,610)</b>
Other operating income		<b>649,745</b>	<b>14,212</b>
<b>OPERATING LOSS</b>	5	<b>(504,481)</b>	<b>(56,398)</b>
Interest payable and similar expenses	7	<b>17,798</b>	<b>23,293</b>
<b>LOSS BEFORE TAXATION</b>		<b>(522,279)</b>	<b>(79,691)</b>
Tax on loss	8	<b>(88,241)</b>	<b>2,053</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(434,038)</b>	<b>(81,744)</b>

The notes form part of these financial statements

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**OTHER COMPREHENSIVE INCOME**  
**For The Year Ended 31 March 2021**

	Notes	2021 £	2020 £
<b>LOSS FOR THE YEAR</b>		<b>(434,038)</b>	<b>(81,744)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>(434,038)</u></b>	<b><u>(81,744)</u></b>

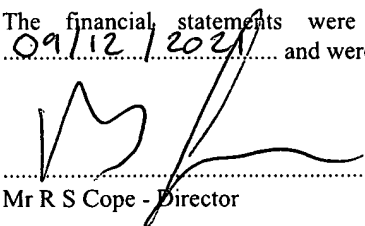
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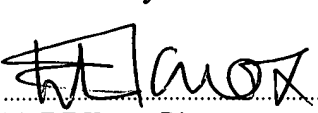
**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**BALANCE SHEET**  
**31 March 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Tangible assets	10	4,096,166	4,463,630
<b>CURRENT ASSETS</b>			
Stocks	11	51,614	120,403
Debtors	12	400,141	770,777
Cash at bank and in hand		519,240	491,485
		<u>970,995</u>	<u>1,382,665</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	(456,282)	(697,328)
<b>NET CURRENT ASSETS</b>		<u>514,713</u>	<u>685,337</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,610,879</b>	<b>5,148,967</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(596,470)	(531,187)
<b>PROVISIONS FOR LIABILITIES</b>	18	(414,540)	(470,436)
<b>NET ASSETS</b>		<u><b>3,599,869</b></u>	<u><b>4,147,344</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	12,000	12,000
Retained earnings	20	3,587,869	4,135,344
<b>SHAREHOLDERS' FUNDS</b>		<u><b>3,599,869</b></u>	<u><b>4,147,344</b></u>

The financial statements were approved by the Board of Directors and authorised for issue on 09/12/2021 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 (REGISTERED NUMBER: 00054426)**

**STATEMENT OF CHANGES IN EQUITY**  
**For The Year Ended 31 March 2021**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2019</b>	12,000	4,330,526	4,342,526
<b>Changes in equity</b>			
Dividends	-	(113,438)	(113,438)
Total comprehensive income	-	(81,744)	(81,744)
<b>Balance at 31 March 2020</b>	<u>12,000</u>	<u>4,135,344</u>	<u>4,147,344</u>
<b>Changes in equity</b>			
Dividends	-	(113,437)	(113,437)
Total comprehensive income	-	(434,038)	(434,038)
<b>Balance at 31 March 2021</b>	<u>12,000</u>	<u>3,587,869</u>	<u>3,599,869</u>

The notes form part of these financial statements

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**CASH FLOW STATEMENT**  
**For The Year Ended 31 March 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	280,247	635,616
Tax paid		(23,854)	(53,021)
Net cash from operating activities		<u>256,393</u>	<u>582,595</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(103,037)	(277,468)
Sale of tangible fixed assets		4,001	23,550
Net cash from investing activities		<u>(99,036)</u>	<u>(253,918)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	620,000
Loan repayments in year		(13,905)	(451,902)
Capital repayments in year		12,908	(71,484)
Amount introduced by directors		(15,168)	8,472
Equity dividends paid		(113,437)	(113,438)
Net cash from financing activities		<u>(129,602)</u>	<u>(8,352)</u>
<b>Increase in cash and cash equivalents</b>		<u>27,755</u>	<u>320,325</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>491,485</u>	<u>171,160</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>519,240</u></u>	<u><u>491,485</u></u>

The notes form part of these financial statements

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**NOTES TO THE CASH FLOW STATEMENT**  
**For The Year Ended 31 March 2021**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
Loss before taxation	(522,279)	(79,691)
Depreciation charges	460,616	477,786
Loss/(profit) on disposal of fixed assets	5,884	(184)
Finance costs	17,798	23,293
	<u>(37,981)</u>	421,204
Decrease/(increase) in stocks	68,789	(5,056)
Decrease in trade and other debtors	402,981	9,450
(Decrease)/increase in trade and other creditors	<u>(153,542)</u>	210,018
<b>Cash generated from operations</b>	<u><u>280,247</u></u>	<u><u>635,616</u></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 2021**

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	<u><u>519,240</u></u>	<u><u>491,485</u></u>

**Year ended 31 March 2020**

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

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.20	Cash flow	At 31.3.21
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>491,485</u>	<u>27,755</u>	<u>519,240</u>
	<u>491,485</u>	<u>27,755</u>	<u>519,240</u>
<b>Debt</b>			
Finance leases	(137,632)	(19,531)	(157,163)
Debts falling due within 1 year	(89,000)	64,000	(25,000)
Debts falling due after 1 year	<u>(442,043)</u>	<u>(61,270)</u>	<u>(503,313)</u>
	<u>(668,675)</u>	<u>(16,801)</u>	<u>(685,476)</u>
<b>Total</b>	<u><u>(177,190)</u></u>	<u><u>10,954</u></u>	<u><u>(166,236)</u></u>

The notes form part of these financial statements



**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 March 2021**

**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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2021**

**2. ACCOUNTING POLICIES - continued**

**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.

**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**

The directors 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 2021 is £649,745 ( 31st March 2020 £14,212 ). 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 before taxation are attributable to the one principal activity of the company.

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

	2021	2020
	£	£
Sale of goods	3,871	12,570
Rendering of services	1,856,197	4,205,420
	<u>1,860,068</u>	<u>4,217,990</u>

**4. EMPLOYEES AND DIRECTORS**

	2021	2020
	£	£
Directors' remuneration	89,924	88,829
Directors' pension contributions to money purchase schemes	17,981	18,329
	<u>107,905</u>	<u>107,158</u>

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**For The Year Ended 31 March 2021**

Highest paid director (included in above)

	2021	2020
	£	£
Directors' remuneration	57,934	57,608
Directors' pension contributions to money purchase schemes	12,000	12,000
	<u>69,934</u>	<u>69,608</u>

There are 3 (2020 - 3) directors to whom retirement benefits are accruing under money purchase retirement benefit schemes.

Staff numbers and costs

	2021	2020
	£	£
Wages and salaries	1,355,693	1,806,527
Social security costs	88,277	114,399
Pension costs	44,011	49,496
	<u>1,487,981</u>	<u>1,970,422</u>

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

	2021	2020
Production staff in cost of sales	66	82
Sales and office staff	10	10
Transportation staff	12	13
	<u>88</u>	<u>105</u>

**5. OPERATING LOSS**

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

	2021	2020
	£	£
Depreciation - owned assets	418,765	429,957
Depreciation - assets under HP	41,851	47,829
Profit/loss on disposal of fixed assets	5,884	(184)
Auditor's remuneration	7,500	7,950
	<u>474,000</u>	<u>485,552</u>

**6. EXCEPTIONAL ITEMS**

	2021	2020
	£	£
Exceptional items	<u>(49,955)</u>	<u>-</u>

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2021**

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Bank loan interest	11,174	15,543
Hire purchase	6,624	7,750
	<u>17,798</u>	<u>23,293</u>

**8. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	(32,345)	23,854
Deferred tax	(55,896)	(21,801)
Tax on loss	<u>(88,241)</u>	<u>2,053</u>

**Reconciliation of total tax (credit)/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:

	2021	2020
	£	£
Loss before tax	<u>(522,279)</u>	<u>(79,691)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(99,233)	(15,141)
Effects of:		
Expenses not deductible for tax purposes	10,942	5,927
Income not taxable for tax purposes	(8,318)	(35)
Depreciation in excess of capital allowances	64,264	33,103
Deferred tax	(55,896)	(21,801)
Total tax (credit)/charge	<u>(88,241)</u>	<u>2,053</u>

**9. DIVIDENDS**

	2021	2020
	£	£
Ordinary A shares of £1 each		
Interim	90,750	90,750
Ordinary B shares of £1 each		
Interim	22,687	22,688
	<u>113,437</u>	<u>113,438</u>

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2021**

**10. TANGIBLE FIXED ASSETS**

	<b>Freehold property £</b>	<b>Large contract workwear £</b>	<b>Plant and machinery £</b>
<b>COST</b>			
At 1 April 2020	2,100,884	274,571	3,886,345
Additions	-	28,638	-
Disposals	-	-	-
At 31 March 2021	<u>2,100,884</u>	<u>303,209</u>	<u>3,886,345</u>
<b>DEPRECIATION</b>			
At 1 April 2020	236,993	184,389	1,617,264
Charge for year	42,219	55,848	288,750
Eliminated on disposal	-	-	-
At 31 March 2021	<u>279,212</u>	<u>240,237</u>	<u>1,906,014</u>
<b>NET BOOK VALUE</b>			
At 31 March 2021	<u>1,821,672</u>	<u>62,972</u>	<u>1,980,331</u>
At 31 March 2020	<u>1,863,891</u>	<u>90,182</u>	<u>2,269,081</u>

	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>				
At 1 April 2020	12,348	555,213	110,767	6,940,128
Additions	-	74,399	-	103,037
Disposals	-	(71,786)	-	(71,786)
At 31 March 2021	<u>12,348</u>	<u>557,826</u>	<u>110,767</u>	<u>6,971,379</u>
<b>DEPRECIATION</b>				
At 1 April 2020	12,348	322,438	103,066	2,476,498
Charge for year	-	67,163	6,636	460,616
Eliminated on disposal	-	(61,901)	-	(61,901)
At 31 March 2021	<u>12,348</u>	<u>327,700</u>	<u>109,702</u>	<u>2,875,213</u>
<b>NET BOOK VALUE</b>				
At 31 March 2021	<u>-</u>	<u>230,126</u>	<u>1,065</u>	<u>4,096,166</u>
At 31 March 2020	<u>-</u>	<u>232,775</u>	<u>7,701</u>	<u>4,463,630</u>

Included in cost of land and buildings is freehold land of £131,250 (2020 - £131,250) which is not depreciated.

The net book value of tangible fixed assets includes £197,849 (2020 - £195,795 ) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £41,851 (2020 - £47,829 ) for the year.

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2021**

**11. STOCKS**

	2021	2020
	£	£
Stocks	<u>51,614</u>	<u>120,403</u>

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade debtors	243,831	551,090
Other debtors	66,458	14,712
Stylepart Ltd loan account	-	49,955
Tax	32,345	-
Prepayments	57,507	155,020
	<u>400,141</u>	<u>770,777</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Bank loans and overdrafts (see note 15)	25,000	89,000
Hire purchase contracts (see note 16)	64,006	48,488
Trade creditors	117,097	258,577
Tax	-	23,854
Social security and other taxes	14,994	23,220
VAT	138,862	113,507
Other creditors	3,411	4,791
Directors' current accounts	15,664	30,832
Accrued expenses	77,248	105,059
	<u>456,282</u>	<u>697,328</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021	2020
	£	£
Bank loans (see note 15)	503,313	442,043
Hire purchase contracts (see note 16)	93,157	89,144
	<u>596,470</u>	<u>531,187</u>

**15. LOANS**

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>25,000</u>	<u>89,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>25,000</u>	<u>89,000</u>

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2021**

**15. LOANS - continued**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<b>75,000</b>	<b>267,000</b>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<b>403,313</b>	<b>86,043</b>

**16. LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	<b>64,006</b>	<b>48,488</b>
Between one and five years	<b>93,157</b>	<b>89,144</b>
	<b>157,163</b>	<b>137,632</b>

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>528,313</b>	<b>531,043</b>
Hire Purchase	<b>157,163</b>	<b>137,632</b>
	<b>685,476</b>	<b>668,675</b>

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.

**18. PROVISIONS FOR LIABILITIES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Deferred tax		
Accelerated capital allowances	<b>414,540</b>	<b>470,436</b>

**FAVERSHAM LAUNDRY LIMITED (REGISTERED NUMBER: 00054426)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2021**

**18. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Balance at 1 April 2020	470,436
Profit and loss account	(55,896)
	<hr/>
Balance at 31 March 2021	414,540
	<hr/>

The amount of the net reversal of deferred tax expected to be released next year is £25,908 which relates to the reversal of existing timing differences on tangible fixed assets.

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
9,600	Ordinary A	£1	9,600	9,600
2,400	Ordinary B	£1	2,400	2,400
			<hr/>	<hr/>
			12,000	12,000
			<hr/>	<hr/>

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.

**20. RESERVES**

	Retained earnings £
At 1 April 2020	4,135,344
Deficit for the year	(434,038)
Dividends	(113,437)
	<hr/>
At 31 March 2021	3,587,869
	<hr/>

**21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 31 March 2021 and 31 March 2020:

	2021 £	2020 £
<b>Mr R S Cope</b>		
Balance outstanding at start of year	(24,888)	(17,116)
Amounts advanced	118,558	92,818
Amounts repaid	(100,590)	(100,590)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	(6,920)	(24,888)
	<hr/>	<hr/>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2021**

**21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

**Mr N G Turner**

Balance outstanding at start of year	<b>(823)</b>	(1,192)
Amounts advanced	<b>3,758</b>	3,219
Amounts repaid	<b>(3,269)</b>	(2,850)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<b><u>(334)</u></b>	<b><u>(823)</u></b>

**Ms E E Knox**

Balance outstanding at start of year	<b>(5,121)</b>	(4,051)
Amounts advanced	<b>20,238</b>	22,457
Amounts repaid	<b>(23,527)</b>	(23,527)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<b><u>(8,410)</u></b>	<b><u>(5,121)</u></b>

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

**22. RELATED PARTY DISCLOSURES**

A loan of £89,955 from Stylepart Limited of which £40,000 was previously provided for, has had the remaining balance of £49,955 written off as an exceptional item. The director ES Knox is also a director of Stylepart Limited.

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

Interim dividends per share were paid during the year to the director's as follows:

Ordinary A £1 - 6 April 2020 £9.45312

Ordinary B £1 - 6 April 2020 £9.45312

The total distribution of dividends for the year ended 31 March 2021 will be £113,437

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2021**

**23. POST BALANCE SHEET EVENTS**

**DIVIDENDS:**

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

**TRADING AND COVID-19:**

Trading to the 31st March 2021, as can be seen from our results, has been severely impacted by the pandemic and the resulting enforced closure of many businesses. This is especially noticeable within the hospitality sector, which is where the majority of our customer base resides. The reopening of these businesses after 31st March 2021 has seen an increase in our turnover and the return of all our employees from furlough.

The market during the school holidays usually sees a dramatic increase in customer requirements, however this year this has been muted for several reasons. France's move to the amber plus list has considerably reduced the number of people overnighing in Kent before taking either the ferry or Euro Tunnel to Europe. The reduction in business travel, conferences, training days and exhibitions has resulted in hotels being occupied by longer stay guests rather than one-nighters. This means that linen is changed less often and reduces the demand for our products. Overall, we anticipate a 20% reduction in turnover for this seasonal period. In a way this is a positive for us as usually during this period we are at our plant capacity and need to utilise employee agency staff to meet the seasonal increase in demand, but this year we have been able to cope with our own permanent staff. This is just as well as we have found recruitment to be difficult especially within the driver market. We have had to increase the wages for both factory and transport staff in order to retain and attract employees. To counteract this increase in our cost base we have increased our charges to our customers and we are confident that it will be business as usual once all restrictions are lifted but if this takes longer than anticipated we are able to flex our business accordingly.

**24. CONTROLLING PARTY**

The controlling party is Mr R S Cope.