

Fishers Services Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2022

Registered number: SC067627



Fishers Services Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2022

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Fishers Services Limited

Company Information

Directors

Mrs L McCurdy
Mr M Hills
Mr M Jones

Registered Number

SC067627

Registered Office

Edenfields
Cupar Trading Estate
Cupar
United Kingdom
KY15 4SX

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers

Bank of Scotland
New Uberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Fishers Services Limited

Strategic report for the year ended 31 December 2022

The directors present their strategic report on the Company for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is the provision of laundry and linen services.

Business review

The key financial results for the company were as follows:

	2022	2021
	£000's	£000's
Revenue	40,815	23,801
EBITDA	808	45
Loss before tax	(608)	(1,687)
Net assets	16,108	16,696

2022 was a year of revenue recovery, with the business emerging from the significant impacts of the COVID-19 pandemic. Trading in the year increased significantly as a result of all restrictions being permanently removed, with demand for both business and leisure travel increasing. Whilst both revenue and EBITDA have increased, EBITDA was significantly impacted by increases in natural gas and electricity costs, primarily due to geopolitical events in Europe.

Principal risks and uncertainties

The principal risks and uncertainties of the company are highlighted below with details on how the company mitigates against them:

Economy

The General performance of the UK economy has a direct impact on our business, as income levels and profitability are dependent on hotel occupancies. We monitor volumes of products used on a hotel-by-hotel basis and track variances against budget and the prior year. This in turn enables us to manage the risk of declining occupancy levels and tailor our business accordingly.

Cost Inflation

General cost inflation, including people costs increases driven by increases in National Living Wage, pension costs and fluctuations of Energy prices all have an impact on our business. We mitigate this risk of legislative changes and cost inflation by continuing to drive greater efficiencies through labour scheduling, productivity improvements and energy efficient machinery.

Geopolitical Stability

Within the year certain geopolitical events and other factors have resulted in rising and unstable commodity costs for key inputs such as natural gas, electricity and diesel. In the event these cost increases exceed price increase mechanisms this could have an adverse effect on our business prospects and results of operations.

Currency devaluation affecting textile prices

The devaluation of Sterling has an impact on the price point of textiles purchased from overseas. We mitigate this risk by working with fewer suppliers on a sustainable contract model. Our suppliers maintain a well-stocked textile base to ensure that short-term fluctuations do not have an immediate impact.

Fishers Services Limited

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

Key performance indicators (“KPIs”)

The Company and the Management team focus on a number of key performance indicators, which are both financial and non-financial. These include revenue which was £40,815k in 2022 (£23,801k in 2021) and EBITDA of £808k in 2022 (£45k in 2021). Our non-financial KPI's include measures around productivity, efficiencies and customer service, which are compared to budget and the prior year. Any variances identified are then investigated with action taken if appropriate.

Operating costs are controlled by the extensive use of key performance indicators over a range of expense centres. The KPI monitors also extend to key service delivery aspects of the business and include:

- Pieces produced and sold per Operating Hour
- Hourly wage rate
- Utility costs
- Fuel consumption
- Vehicle utilisation

The KPI's above assist the business in managing efficiencies in our operational and logistical departments. We also monitor our variable expenditure cost base with regards to pay rates and unit costs. This, in turn, serves as a comparator when reviewing against budgets, forecasts and prior years.

Future Outlook

Management expects a good level of activity in 2023 with the easing of government-imposed restrictions on international border crossings and increases in business and leisure travel. We continue to pursue price increases to offset inflation-related costs.

Section 172(1) statement

We welcome our responsibilities to promote the success of the company in accordance with section 172 of the 2006 Companies Act. Our Management team ensures that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct. Similarly, we acknowledge that the business can only grow and prosper over the long-term if it understands and respects the views and needs of the company's investors, customers, employees, suppliers and other stakeholders to whom we are accountable, as well as the environment we operate within.

Typically in large companies such as Fishers Services Limited, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the employees of the company. The Board recognises that such delegation needs to be part of a robust governance structure, which covers our values, how we engage with our stakeholders, and how the Board assures itself that the governance structure and systems of controls continue to be robust.

Our People

Our employees are vital to our business and we work to ensure our shared values are fostered through regular engagement and feedback. In all our facilities we hold various briefings with staff with some daily, weekly and monthly. We also have a works council made up of nominated employees to deliver progress on key issues. Individual performance management is important and “one to one” meetings will take place with our people to review delivery of key targets in production or the areas they operate in. The Key Performance Indicators range from pieces processed per hour/day in production to machine uptime for engineering staff.

Fishers Services Limited

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

Section 172(1) statement

Business relationship

We recognise that the way we conduct business is key to our success and how we interact with our business partners is fundamental in our identity.

Customers – We hold regular meetings with our customers based on requirements with these taking place either face to face, online or by telephone. We are constantly measuring our interaction and have a strong process of customer audits and an in-house CRM package that facilitates partnership working. Weekly internal service review meetings are held, which monitor key service indicators such as rejects, complaints and on-time and in full deliveries.

Suppliers – We value the support our suppliers provide to our business. Commercial terms are key in any business and we look to balance these with obtaining the best service/product for Fishers. We hold regular review meetings with our key suppliers and have contracts in place which provide the framework for these. We ensure all suppliers comply with UK legislation.

Community and Environment

Engagement with our community has been a part of the way Fishers have operated for 122 years. Community involvement is fostered through local groups like local schools, clubs and charities. We also liaise with businesses and individuals who service or live in our area to address any concerns they would have or to improve the way we interact.

We have delivered many environmental initiatives over many years and continue, where possible, to take this lead in these. Examples of these are; reuse of water in our process, recovery of heat, reduce plastic wrapping through innovative container design, use of RFID chips to understand better ways to manage our product, technology led vehicles to drive down our carbon footprint via fuel reduction and investment in the leading machinery. We use daily KPI reporting to track and monitor energy use to maintain improvements and highlight areas where we could look to do better.

Shareholders

We are a 100% owned subsidiary of K-bro Linen Systems Inc. which is listed on the Toronto Stock Exchange. We report to our shareholder on a basis that enables consolidation into their business under the strict reporting basis expected of a listed company. This includes but not limited to strong corporate governance and management reporting to facilitate decision making.

Business Conduct

As a company that has traded for over 100 years we have strong values and ethics that have led to a sustainable business during many turbulent events in this time. The business operates within a listed company environment, with all the strict criteria expected, however our strong sense of family values is maintained from our time when we were owned by the Fishers family. The Fishers Directors and management team meet regularly and discuss any deviation from these.

Fishers Services Limited

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


Section 172(1) statement

Future developments

There are no future developments planned for the company.

The Directors recommend to pay a dividend during the year of £nil, (2021: £nil).

On behalf of the Board

DocuSigned by:

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M Jones
Director

22 September 2023

Fishers Services Limited

Directors' report for the year ended 31 December 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Results, Dividend and Future developments

The results for the year to 31 December 2022 are set out in the income statement on page 12. The results for the year and future developments have been discussed in the strategic report on page 2.

The Company paid a dividend during the year of £nil, (2021: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

L McCurdy
M Hills
M Jones

No Director had interest in the share capital in the company at the end of the year.

Financial risk management

The main financial risk areas the Company has exposure to are customer credit, cash flow and liquidity risks.

Customer credit exposure

Customer credit exposure is mitigated by manageable credit terms and a strong multi-level relationships between the Company and the customer.

Cash flow and Liquidity risk

The liquidity risk of meeting the Company's financial obligations are managed through funding available from the Company's parent company and through its operating cash flow.

Disabled employees

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a disabled person. With regard to existing employees and those who have become disabled during the year, the group will continue to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Employee engagement

Regular meetings are held between local management and employees to allow a free flow of information and ideas and so that the views of employees can be taken into account in making decisions which are likely to affect their interests. In all our facilities we hold various briefings with staff with some daily, weekly and monthly. We also have a works council made up of nominated employees to deliver progress on key issues. Individual performance management is important and "one to one" meetings will take place with our people to review delivery of key targets in production or the areas they operate in. The Key Performance Indicators range from pieces processed per hour/day in production to machine uptime for engineering staff.

Fishers Services Limited

Directors' report for the year ended 31 December 2022 (continued)

Stakeholder engagement

Customers – We hold regular meetings with our customers based on requirements with these taking place either face to face, online or by telephone. We are constantly measuring our interaction and have a strong process of customer audits and an in-house CRM package that facilitates partnership working. Weekly internal service review meetings are held, which monitor key service indicators such as rejects, complaints and on-time and in full deliveries.

Suppliers – We value the support our suppliers provide to our business. Commercial terms are key in any business and we look to balance these with obtaining the best service/product for Fishers. We hold regular review meetings with our key suppliers and have contracts in place which provide the framework for these. We ensure all suppliers comply with UK legislation.

Streamlined Energy and Carbon Reporting (SECR) Requirements

The Company is required to report, in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon report) Regulations 2018, its energy use and carbon emissions for the financial year ending 31 December 2022.

The figures include all material Scope 1 and 2 emissions. Furthermore, an intensity ratio has also been provided in order to express the business annual emissions in relation to a quantifiable factor, or normalizer. The intensity ratio calculated for the Company is tonnes of carbon dioxide (tCO₂e) per £million of revenue.

		FY2022	FY2021
Combustion of natural gas (Scope 1)	(t CO ₂ e)	8,647	5,730
Fuel used from transport (Scope 1)	(t CO ₂ e)	3,643	2,172
Purchased electricity and used for operations (Scope 2)	(t CO ₂ e)	2,384	1,628
Total emissions	(t CO₂e)	14,674	9,530
Intensity metric: t CO ₂ e per £million revenue		360	400

Emissions included in Scope 1 above are those direct emissions arising from the combustion of gas and the use of fuel in company owned vehicles. Scope 2 emissions are indirect emissions, namely purchased electricity.

An 'operational control' approach has been used to define the emissions boundary. This approach captures emissions associated with the direct operation of all site, plus company owned and leased transport. The information used to compile the report was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. Emissions have been calculated using conversion factors provided by the UK Government. There are no material omission from the mandatory reporting scope.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Fishers Services Limited

Directors' report for the year ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.


Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

The Financial Statements on pages 12 to 27 were approved and signed on behalf of the Board by

DocuSigned by:

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M Jones
Director

22 September 2023

Fishers Services Limited

Independent auditors' report to the members of Fishers Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Fishers Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Fishers Services Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 an auditors' 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.

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.

Fishers Services Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to areas of estimation in the financial statements and posting of inappropriate journal entries in order to improve reported performance. Audit procedures performed by the engagement team included:

- Discussion with management and individuals outside the finance function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Understanding management's controls designed to prevent and detect irregularities.
- Review of Board minutes.
- Challenging assumptions and judgements made by management in its significant accounting judgements.
- Identifying and testing journal entries which improved the reported results, in particular any journal entries posted in unexpected combinations that influenced revenue or EBITDA.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jane Ferguson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

22 September 2023

Fishers Services Limited

Income statement for the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue		40,815,488	23,800,606
Cost of sales		(28,295,186)	(17,471,924)
Gross profit		12,520,302	6,328,682
Distribution costs		(7,920,790)	(5,505,903)
Administrative expenses		(5,223,739)	(4,126,127)
Other operating income	2	-	1,626,890
Loss on sale of asset	2	(1,675)	-
Finance income	3	18,339	1,546
Finance costs	4	-	(12,060)
Loss before income tax	2	(607,563)	(1,686,972)
Income tax credit	7	19,593	92,489
Loss for the financial year		(587,970)	(1,594,483)

All results relate to continuing operations.


There was no other comprehensive income, therefore no separate statement of comprehensive income has been presented.

Fishers Services Limited

Statement of financial position as at 31 December 2022

	Note	2022 £	2021 £
Non Current assets			
Property, plant and equipment	8	11,100,455	11,080,896
Current assets			
Inventories	9	1,285,257	1,408,208
Linen in Service	10	5,539,661	5,442,006
Trade and other receivables	11	6,948,475	5,790,880
Cash at hand and in bank		1,587,616	632,243
Total current assets		15,361,009	13,273,337
Creditors: amounts falling due within one year	12	(9,851,361)	(7,023,997)
Net current assets		5,509,648	6,249,340
Total assets less current liabilities		16,610,103	17,330,236
Non-current liabilities			
Deferred income	13	(82,500)	(86,000)
Asset Retirement Obligation	14	(252,021)	(361,091)
Provisions for liabilities	15	(167,577)	(187,170)
Total non-current liabilities		(502,098)	(634,261)
Net assets		16,108,005	16,695,975
Capital and reserves			
Called up share capital	16	620,491	620,491
Retained earnings		15,487,514	16,075,484
Total shareholders' funds		16,108,005	16,695,975

The financial statements of Fishers Services Limited, registered number SC067627 on pages 12 to 27 were approved by the board of directors on 22 September 2023 and signed on its behalf by:

DocuSigned by:

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M Jones
Director

The notes on pages 15 to 27 form part of the financial statements.

Fishers Services Limited

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 January 2021	620,491	17,669,967	18,290,458
Loss for the financial year	-	(1,594,483)	(1,594,483)
Balance as at 31 December 2021	620,491	16,075,484	16,695,975
Loss for the financial year	-	(587,970)	(587,970)
Balance as at 31 December 2022	620,491	15,487,514	16,108,005

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022

1 Principal accounting policies

General Information

Fishers Services Limited is a private company limited by shares and it is incorporated in United Kingdom and registered in Scotland. The address of its registered office is Edenfields, Cupar Trading Estate, Cupar, KY15 4SX.

The principal activity of the company is the provision of laundry and linen services.

Statement of compliance

The individual financial statements of Fishers Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note "Critical accounting judgements and key sources of estimation uncertainty" below.

Going concern

The company meets its day-to-day working capital requirements. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current financial arrangements. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company, therefore, continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Fishers Services Limited is a qualifying entity as its results are consolidated into the financial statements of K-Bro Linen Systems Inc., which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue recognition

Revenue represents the fair value of the consideration received or receivable, excluding discounts, rebates and VAT, for linen hire, sale of garments and laundry services provided during the course of the year. Linen hire revenue is based on contractually set pricing based upon on a price per piece over the term of the contract. Garment sales are recognised when the goods are despatched and laundry services when the service is performed.

Government grants

Revenue grants are credited to the income statement in the same period as the related expense is incurred. Grants relating to the purchase of fixed assets are credited to deferred income and amortised to the income statement over the estimated useful life of the related assets.

Furlough and the Coronavirus Job Retention Scheme (CJRS)

The Coronavirus Job Retention Scheme ("CJRS") was introduced by the UK government in March 2020 and provides eligible employers the ability to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during the crisis. The scheme allowed the company to claim up to 80% of the normal earnings of individuals who had been furloughed, up to a cap of £2,500 per month per employee. The employee was paid the furlough wage and then the amount was reclaimed back from the government. The government claim is accounted for on an accruals basis and all furlough claims for the year are included within other operating income in the income statement. The Scheme ended on 30th September 2021.

Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company is a member of the Fishers Services pension scheme which is a defined contribution scheme. Contributions to the scheme are charged against profits in respect of the period in which they fall due.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

Taxation (continued)

income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

The amortisation of goodwill purchased in the subsidiaries of the Company is recognised as an administrative expense in the financial statements and amortised over a period of 20 years. Management believe this to be a relevant, reliable useful economic life of the Company and all of its subsidiaries purchased as it believes it will generate returns over this period of time.

The Company has elected not to apply Section 19 'Business Combinations and Goodwill' to business combinations that were effected before the date of transition to FRS 102. No adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

Customer Contracts

Customer contracts acquired in a business are recorded at fair value at the acquisition date. Subsequently they are carried at cost less accumulated amortisation. Customer contracts are amortised over the life of the contract, which in this case is 2 years.

Property, plant and equipment

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of each asset over its estimated useful life at the following rates:

	Years	
Buildings	15 -25	Straight line
Plant and machinery	5 - 20	Straight Line
Fixtures, fittings, tools and equipment	-	Leased term
Asset Retirement Obligation	-	Leased term

Repairs, maintenance and minor inspection costs are expensed as incurred.

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Property, plant and equipment (continued)

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Other operating (losses)/gains'.

Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to income in equal annual amounts over the lease term.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Impairment of non-financial assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

Investments

Investments in subsidiary companies are stated at cost less accumulated impairment losses.

Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to complete and sell after making due allowance for any obsolete or slow moving items. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined using the first-in-first-out (FIFO) method. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

Linen in service

Linen in service is accounted for at cost less depreciation. The cost is based on the expenditures that are directly attributable to the acquisition of linen and garments, depreciation commences when linen and garments are put into service based on usage, which results in an estimated average service life of 24 to 36 months.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Contingent liabilities

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Financial instruments (continued)

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivatives financial instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no critical judgements in the financial statements.

Included on the balance sheet of the Group is an 'Asset Retirement Obligation' provision, which relates to the Directors best estimate of the costs expected to be incurred in relation to dilapidations and asset retirement at each of the leased properties. This estimate will be re-assessed annually. Management estimates the undiscounted cash flows required to settle these obligations to be £425k and has estimated the present value of the obligation to be £252k using an inflation rate between 3.54% and 3.97%.

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Loss before income tax

Loss before income tax is stated after charging / (crediting) the following:

	2022	2021
	£	£
Wages and salaries	16,498,101	11,442,528
Social security costs	1,490,150	930,878
Other pension costs	367,185	271,421
Depreciation – owned assets	1,332,778	1,374,310
Depreciation – leased assets	63,947	27,786
Amortisation of customer contracts	-	331,227
Other Income (CJRS)	-	(1,626,890)
Grant income	(3,500)	(51,556)
Loss on disposal of fixed assets	(1,675)	-
Operating lease rentals	2,047,102	1,804,243

Loss before income tax is stated after charging auditors' remuneration for audit services of £85,160 (2021: £65,978) and tax compliance fees of £22,500 (2021: £36,000). Of the total audit fee charged to the Company, £82,160 (2021: £48,000) relates to the audit of the Company itself and the remaining fee relates to the audit of group companies.

During the year the company submitted claims of £nil (2021: £1,626,890) under the CJRS. Claims were submitted to HMRC on a regular basis with nil (2021: nil) outstanding at the end of the year. The CJRS program closed in September 2021.

3 Finance income

	2022	2021
	£	£
Group interest receivable	18,339	1,546
	18,339	1,546

4 Finance costs

	2022	2021
	£	£
Finance lease interest	-	12,060
	-	12,060

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

5 Directors' remuneration

	2022	2021
	£	£
Directors' remuneration	234,317	234,793
Pension contributions	10,000	10,000

The remuneration of the highest paid director was £234,317 (2021: £234,793) plus pension contributions of £10,000 (2021: £10,000).

Total key management personnel remuneration was £517,288 (2021: £523,165) plus pension contributions of £32,648 (2021: £32,078).

Pension benefits are accruing to 1 (2021: 1) directors under defined contribution pension schemes.

6 Employees

The average monthly number of persons employed by the Company during the year was 685 which was made up by 604 Operational and 81 Administration and Sales (2021: 509 (449 Operational and 60 Administration and Sales) all of whom were employed in the United Kingdom.

7 Income tax credit

Analysis of tax credit for the year

	2022	2021
	£	£
Current tax		
UK corporation tax on losses for the year	(196,967)	(234,912)
Adjustments in respect of previous periods	-	-
Total current tax	(196,967)	(234,912)
Deferred tax:		
Origination and reversal of timing differences	-	(47,007)
Effect of changes in tax rates	177,374	198,430
Total deferred tax	177,374	151,423
Total tax per income statement	(19,593)	(92,489)

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

7 Income tax credit (continued)

Factors affecting tax credit for the year

The tax credit for the year can be reconciled to the loss per the income statement as follows:

	2022	2021
	£	£
Loss before taxation	(607,563)	(1,686,972)
Loss before taxation multiplied by standard corporation tax rate in the UK of 19.00% (2021: 19.00%)	(115,437)	(320,525)
Effects of:		
Expenses not deductible	828	64,245
Timing difference between capital allowances and depreciation charge	(110,993)	-
Adjustments in respect of previous periods	-	(34,640)
Other timing differences	28,317	-
Tax rate changes	177,692	198,430
Total tax credit for the year	(19,593)	(92,490)

On 3 March 2021, the UK Government announced a change in the UK corporation tax rate from 19% to 21% with effect from 1st April 2023. The 25% rate was substantively enacted on 10 June 2021. The deferred tax balances at 31 December 2022 have been measured using the rates that apply in the periods when the underlying timing difference, on which deferred tax is recognised, are expected to unwind.

Note to the financial statements – statement of financial position

	2022	2021
	£	£
Current assets		
Corporation tax	-	-
	-	-

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8 Property, plant and equipment

	Land & buildings	Asset Retirement Obligation	Plant & machinery	Fixtures, fittings, tools & equipment	Total
Cost	£	£	£	£	£
Valuation at 1 January 2022	3,100,000	253,572	13,453,181	215,120	17,021,873
Additions	-	-	1,376,269	41,690	1,417,959
Disposals	-	-	(138,550)	-	(138,550)
At 31 December 2022	3,100,000	253,572	14,690,900	256,810	18,301,282

Accumulated Depreciation

At 1 January 2022	355,250	76,365	5,389,290	120,072	5,940,977
Charge for the year	86,999	63,947	1,210,026	35,753	1,396,725
Disposals	-	-	(136,875)	-	(136,875)
At 31 December 2022	442,249	140,312	6,462,441	155,825	7,200,827

Net book value

At 31 December 2022	2,657,751	113,260	8,228,459	100,985	11,100,455
At 31 December 2021	2,744,750	177,207	8,063,891	95,048	11,080,896

9 Inventories

	2022	2021
	£	£
Raw materials and consumables	1,285,257	1,408,208

	2022	2021
	£	£
Inventories recognised in the income statement as an expense	1,952,894	2,177,279

10 Linen in Service

	2022	2021
	£	£
Pooled rental linen	5,539,661	5,442,006

Linen in service relates to the purchase of pooled linen, which is written off over two to three years. The amount of linen recognised, as an expense during the year was £5,779,259 (2021: £3,542,898).

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Trade and other receivables

	2022	2021
	£	£
Amounts receivable within one year		
Trade receivables	5,024,668	4,386,489
Amounts owed by group undertakings	-	1,850
Corporation tax	-	-
Prepayments and accrued income	1,562,022	1,174,794
	6,586,690	5,563,133

The amounts owed by group undertakings are unsecured and repayable on demand and do not bear interest.

	2022	2021
	£	£
Amounts receivable after one year		
Prepayments	361,785	227,747
	361,785	227,747

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
Current		
Trade payables	2,164,074	2,210,109
Amounts owed to group undertakings	3,822,785	1,791,991
Taxation and social security	1,375,173	1,224,579
Accruals and deferred income	2,489,329	1,797,318
	9,851,361	7,023,997

The amounts owed to group undertakings are unsecured and repayable on demand and do not bear interest.

13 Deferred income

Capital grant	2022	2021
	£	£
At 1 January	86,000	137,556
Released to income statement	(3,500)	(51,556)
At 31 December	82,500	86,000

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Asset retirement obligation

	2022	2021
	£	£
At 1 January	361,091	369,426
Credit in the year	(109,070)	(8,335)
At 31 December	252,021	361,091

15 Provisions for liabilities

	2022	2021
	£	£
Net Deferred tax liabilities		
Provision at the start of year	187,170	279,659
Deferred tax charge to income statement for the year	177,374	151,423
Losses	(196,967)	(243,912)
Provision at end of the year	167,577	187,170
Fixed asset timing differences	1,035,542	863,117
Short term timing differences	(31,377)	(36,326)
Losses	(836,588)	(639,621)
	167,577	187,170

	2022	2021
	£	£
Deferred tax assets		
Recoverable after 12 months	(867,965)	(675,947)
	(867,965)	(675,947)
Deferred tax liabilities		
Recoverable after 12 months	1,035,542	863,117
	1,035,542	863,117

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

The Finance Act 2021 increased the UK's main corporation tax rate to 25% from 1 April 2023. This rate has been applied to the 2022 and 2021 figures.

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

16 Called up share capital

	2022	2021
	£	£
Allotted, issued and fully paid:		
620,491 (2021: 620,491) ordinary shares of £1 each	620,491	620,491

All shares are ordinary £1 shares with equal voting rights. There are no restrictions on the distribution of dividends and the repayment of capital. During the year a dividend of £nil per share (2021: £nil) was paid.

17 Related party transactions

The Company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned. The Company discloses transactions with related parties which are not wholly owned with the same group. There are no other related party transactions.

18 Financial commitments

At 31 December the Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	2022	2021
	£	£
Payments due		
Not later than one year	2,237,840	1,749,675
Later than one year and not later than five years	5,452,039	4,949,672
Later than five years	1,154,312	4,672,988
	8,844,191	11,372,335

The Company has also provided a guarantee and certain security for amounts drawn under the K-Bro Linen Inc revolving credit facility.

19 Parent company and controlling party

The immediate parent company is Fishers Topco Limited and K-Bro Linen Inc. is the ultimate parent company and controlling party of the group. K-Bro Linen Inc. is incorporated in Canada. The smallest and largest group that Fishers Services Limited are consolidated into is K-Bro Linen Systems Inc. Copies of the financial statements can be obtained at www.k-brolinen.com.