

Fishers Topco Limited
Annual Report & Consolidated Financial Statements
For the Year Ended 31 December 2016

Registered number: SC444215



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Fishers Topco Limited

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Fishers Topco Limited

Company Information

Directors

Mr M Averill
Mr D Cowie
Mr M Jones
Miss L Renaut
Mr S Inglis

Company Secretary

Miss L Renaut

Registered Number

SC444215

Registered Office

Riggs Place
Cupar
Fife
KY15 5JA

Independent Auditors

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

Bankers

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

Fishers Topco Limited

Strategic report for the year ended 31 December 2016

The directors present their report and the audited consolidated financial statements of the company and the group for the year ended 31 December 2016.

Business review and principal activities

The company acts as a holding company providing managerial and administrative services to its subsidiaries which are engaged in the provision of laundry and linen services.

Principal risks and uncertainties

The principal business risks facing the group are highlighted in the business environment and future outlook sections of this report. The directors believe that the group is well placed to manage its business risks successfully despite the current economic conditions.

Business environment

2016 was a year of continued strong competition in the laundry, textile rental, workwear and cleanroom markets in the UK. Continued sharp focus on delivering excellent customer service and industry-leading standards, the business maintained its position as Scotland and the North of England's market leading provider of laundry and textile rental services to the hospitality sector.

Key performance indicators ("KPIs")

Operating costs are monitored regularly by the extensive use of key performance indicators over a range of expense centres, including inter alia:

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

Results

The results for the group show turnover of £36,123,667 (2015:£34,909,698) and a profit before interest and exceptional costs of £2,232,300 (2015:£2,389,039) for the year ended 31 December 2016. After interest and exceptional costs, this translated into a pre-tax loss of £1,727,965 (2015:£660,427). Across 2016, the company continued to pay down debt.

Future outlook

Despite continued price competition, particularly in the hospitality sector, Fishers remains in a market leading position and well placed to grow.

The board is confident that the business will perform in line with its expectations for the year ahead.

On behalf of the Board



L Renault
Director

25 SEPTEMBER 2017

Fishers Topco Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the consolidated audited financial statements of the company for the period ended 31 December 2016.

Results and Future developments

The results for the year to 31 December 2016 are set out in the income statement on page 7. The results for the year and future developments have been discussed in the strategic report on page 2.

Disabled employees

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person. With regard to disabled employees, 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 involvement

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.

Going Concern

The Directors have considered the Group's ability to meet all of its ongoing obligations for 12 months from the date of signing these financial statements. This takes into account the Group's available facilities and the generation of cash flows to service those facilities. Facility A of the external facility referred to in note 13 of the financial statements expires within this 12 month period. Subsequent to year end the Group secured an extension to the revolving credit facility to the end of October 2018 which allows for sufficient cash flow to be available to finance the expiry of Facility A. Based on this, the Group's forecasted projections, including compliance with covenants stipulated in the facilities agreement, and the availability of the remaining facilities the Directors continue to believe the going concern basis of preparation for the financial statements is appropriate.

Directors and their interests

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

M Averill (Chairman)
D Cowie
M Jones
S Inglis
L Renaut

The interests of the directors in the share capital of the company at the end of the year were as follows:

31 December 2016	B preference shares @ £1 each	Ordinary shares @ £1 each
M Averill	26,400	267
M Jones	26,400	267
S Inglis	19,800	200
L Renaut	19,800	200

Fishers Topco Limited

Directors' report for the year ended 31 December 2016(continued)

Statement of directors' responsibilities

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 group and company 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). 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 group and company and of the profit or loss of the group and 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

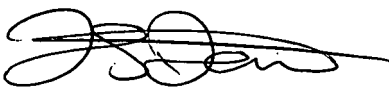
The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the group's auditors in connection with preparing their report) of which the group'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 group's auditors are aware of that information.

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

On behalf of the Board



L Renaut
Director
Riggs Place
Cupar
Fife
KY15 5JA

25 SEPTEMBER 2017

Fishers Topco Limited

Independent auditors' report to the members of Fishers Topco Limited

Report on the financial statements

Our opinion

In our opinion, Fishers Topco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's loss and cash flows 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.

What we have audited

The financial statements, included within the Annual Report and consolidated financial statements (the "Annual Report"), comprise:

- the consolidated and company statements of financial position as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated and company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received 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
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Fishers Topco Limited

Independent auditors' report to the members of Fishers Topco Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

25 SEPTEMBER 2017

Fishers Topco Limited

Consolidated Income statement for the year ended 31 December 2016

	Note	2016 £	2015 £
Revenue	3	36,123,667	34,909,698
Cost of sales		(21,093,300)	(20,221,359)
Gross profit		15,030,367	14,688,339
Distribution costs		(6,702,730)	(6,889,373)
Administrative expenses		(6,085,085)	(5,409,927)
Gain/(loss) on sale of asset	4	(10,252)	-
Exceptional costs	4	(775,318)	-
Finance costs	5	(3,184,947)	(3,049,466)
Loss on ordinary activities before taxation	4	(1,727,965)	(660,427)
Taxation	6	(221,860)	4,802
Loss for the financial year		(1,949,825)	(655,625)

All results relate to continuing operations.

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

Fishers Topco Limited

Consolidated statement of financial position as at 31 December 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Intangible assets	9	23,981,671	25,598,219
Property, plant & equipment	10	13,279,002	14,111,725
Total non-current assets		37,260,673	39,709,944
Current assets			
Inventories		1,250,164	1,319,048
Trade and other receivables	12	6,293,124	6,822,857
Cash		1,165,687	1,064,792
Total current assets		8,708,975	9,206,697
Total assets		45,969,648	48,916,641
Liabilities			
Non-current liabilities			
Trade and other payables	13	(26,110,708)	(28,291,752)
Deferred income	14	(343,306)	(394,806)
Provisions for liabilities	16	(416,834)	(329,290)
Total non-current liabilities		(26,870,848)	(29,015,848)
Current liabilities			
Trade and other payables	13	(10,392,692)	(9,244,860)
Total current liabilities		(10,392,672)	(9,244,860)
Total liabilities		(37,263,540)	(38,260,708)
Net assets		8,706,108	10,655,933
Equity			
Ordinary shares	15	11,638,669	11,638,669
Share premium		2,670	2,670
Treasury shares		(64,444)	(64,444)
Retained earnings		(2,870,787)	(920,962)
Total shareholders' funds		8,706,108	10,655,933

The financial statements of Fishers Topco Limited, registered number SC444215 were approved by the board of directors and authorised for issue on 25 SEPTEMBER 2017



L Renault
Director

The notes on pages 13 to 28 form part of the financial statements

Fishers Topco Limited

Company statement of financial position as at 31 December 2016

	Notes	2016 £	2015 £
Assets			
Non-current assets			
Investments	11	34,339,316	34,339,316
Current assets			
Trade and other receivables	12	25	406,092
Total assets		34,339,341	34,745,408
Liabilities			
Non-current liabilities			
Trade and other payables	13	(28,543,817)	(26,636,775)
Current liabilities			
Trade and other payables	13	(3,080,000)	(2,630,000)
Total liabilities		(31,623,817)	(29,266,775)
Net assets		2,715,524	5,478,633
Equity			
Ordinary shares	15	11,638,669	11,638,669
Share premium		2,670	2,670
Retained earnings b/f		(6,162,706)	(3,695,825)
Loss for the year		(2,763,109)	(2,466,881)
Total shareholders' funds		2,715,524	5,478,633

The financial statements of Fishers Topco Limited, registered number SC444215 were approved by the board of directors and authorised for issue on 25 SEPTEMBER 2017



L Renault
Director

Fishers Topco Limited

Consolidated cash flow statement for the year ended 31 December 2016

	Note	2016	2015
		£	£
Cash flows from operating activities			
Profit for the financial year before interest and tax		1,456,982	2,389,039
Adjustments for:			
Depreciation of property, plant and equipment		1,456,285	1,158,513
Amortisation of intangible assets		1,616,548	1,682,968
Release of deferred grant		(51,500)	(51,500)
Increase in inventories		68,884	(49,569)
Decrease/(increase) in receivables		746,073	(535,409)
(Decrease)/Increase in payables		(140,016)	344,791
Taxation		(207,638)	(25,721)
Cash from operations		4,945,618	4,913,112
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,631,562)	(1,746,020)
Proceeds from sale of equipment		35,050	750
Net cash from investing activities		(1,596,512)	(1,745,270)
Cash flows from financing activities			
Payment of shares		-	26,400
Hire Purchase		32,736	-
Repayment of borrowings		(1,900,000)	(2,135,255)
Interest Paid		(1,380,947)	(1,846,554)
Net cash used in financing activities		(3,248,211)	(3,955,409)
Net increase/(decrease) in cash and cash equivalents	18	100,895	(787,567)

Fishers Topco Limited

Consolidated Statement of changes in equity for the year ended 31 December 2016

	Ordinary shares	Share premium	Treasury Shares	Retained earnings	Total
	£	£	£	£	£
Balance as at 1 January 2015	11,612,002	-	(64,444)	(262,400)	11,285,158
Loss for the year	-	-	-	(655,625)	(655,625)
Total transactions with owners, recognised directly in equity	26,667	2,670	-	(2,937)	26,400
Balance as at 31 December 2015	11,638,669	2,670	(64,444)	(920,962)	10,655,933
Loss for the year	-	-	-	(1,949,825)	(1,949,825)
Balance as at 31 December 2016	11,638,669	2,670	(64,444)	(2,870,787)	8,706,108

Fishers Topco Limited

Company statement of changes in equity for the year ended 31 December 2016

	Ordinary shares	Share premium	Retained earnings	Total
	£	£	£	£
Balance as at 1 January 2015	11,612,002	-	(3,695,825)	7,916,177
Loss for the year	-	-	(2,463,944)	(2,463,944)
Total transactions with owners, recognised directly in equity	26,667	2,670	(2,937)	26,400
Balance as at 31 December 2015	11,638,669	2,670	(6,162,706)	5,478,633
Loss for the year	-	-	(2,763,109)	(2,763,109)
Balance as at 31 December 2016	11,638,669	2,670	(8,925,815)	2,715,524

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016

1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the group include the financial statements of the company and its subsidiaries, all of which have coterminous year ends.

Under the provisions of Section 408 of the Companies Act 2006, the profit and loss account of the holding company is not published. The loss for the financial year of the company was £2,763,109.

2 Principal Accounting policies

General Information

Fishers Topco Limited is a private company limited by shares and it is incorporated in United Kingdom. The address of its registered office is Riggs Place, Cupar, Fife, KY15 5JA

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

Statement of compliance

The individual financial statements of Fishers Topco 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 Directors have considered the Group's ability to meet all of its ongoing obligations for 12 months from the date of signing these financial statements. Facility A of the external facility referred to in note 13 of the financial statements expires within this 12 month period. Subsequent to year end the Group secured an extension to the revolving credit facility to the end of October 2018 which allows for sufficient cash flow to be available to finance the expiry of Facility A. Based on this, the Group's forecasted projections, including compliance with covenants stipulated in the facilities agreement, and the availability of the remaining facilities the Directors continue to believe the going concern basis of preparation for the financial statements is appropriate.

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 Topco Limited is a qualifying entity as its results are consolidated into the group financial statements of Fishers Topco Limited group 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;

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Principal accounting policies (continued)

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.

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 amount invoiced in the ordinary course of business, excluding VAT, for linen hire and laundry services provided during the year. All revenue arose in the United Kingdom.

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.

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 Topco 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 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.

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Principal accounting policies (continued)

(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 Fishers Services Group Holdings Limited by the Company is recognised in the accounts 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.

Property, plant & 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:

	%	
Buildings	2	straight line
Plant and machinery	10 - 20	reducing balance
Motor vehicles	10 - 25	straight line
Fixtures, fittings, tools and equipment	20	reducing balance

Leasehold improvements are depreciated over the useful lives of the assets, not exceeding 50 years. Land is not depreciated.

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

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Principal accounting policies (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'.

Assets under construction are recognised as cost incurred in the period with no depreciation being charged until the asset has been completed.

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 Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Principal accounting policies (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.

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 and garments

Linen and garments for rental are initially held in the statement of financial position as inventory and fully expensed upon installation to the customer or into pool circulation.

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.

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

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Principal accounting policies (continued)

Financial instruments (continued)

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.

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of property, plant and equipment and note 2 for the useful economic lives for each class of asset.

3 Revenue

Revenue represents the amount invoiced in the ordinary course of business, excluding VAT, for linen hire and laundry services provided during the year. All revenue arose in the United Kingdom.

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

4 Loss before income tax

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

	2016	2015
	£	£
Wages and salaries	14,746,187	14,378,015
Social security costs	1,112,639	1,080,516
Other pension costs	162,229	172,810
Depreciation – owned assets	1,429,577	1,140,394
Depreciation – leased assets	26,708	18,119
Exceptional closure costs and land sale	775,318	-
Amortisation of goodwill	1,616,548	1,682,968
Grant income	(51,500)	(51,500)
(Gain)/loss on disposal of fixed assets	(10,252)	744
Operating lease rentals	1,774,442	1,493,196

The auditors' remuneration for audit services for the year was £36,600 (2015: £35,700) and tax compliance fees of £34,520 (2015: £30,500). Of the total audit fee charged to the Company, £10,000 (2015: £10,000) relates to the audit of the Company itself and the remaining fee relates to the audit of group companies.

Exceptional Costs

Subsequent to year end, the Aberfeldy site, which had been closed during the year, was sold for a consideration of £60,000. An impairment to that plant site was recorded to reflect the carrying value at the consideration it was sold for. This amount also includes various other costs involved in the closure of the site.

5 Finance Costs

	2016	2015
	£	£
Bank interest	1,309,879	1,397,740
Loan note interest	1,584,000	1,336,775
Other interest charges	67,449	91,462
Finance lease interest	3,619	3,489
Amortisation of loan arrangement fees	220,000	220,000
	3,184,947	3,049,466

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

6 Taxation

Analysis of tax charge for the year

	2016 £	2015 £
Current tax		
UK corporation tax on profits of the year	176,721	158,102
Adjustment in respect of previous periods	(42,403)	(98,941)
Total current tax	134,318	59,161
Deferred Tax		
Origination and reversal of timing differences	44,684	188,016
Adjustment in respect of previous periods	69,207	(210,149)
Effect in changes in tax rates	(26,349)	(41,830)
Total deferred tax	87,542	(63,963)
Tax per income statement	221,860	(4,802)

Factors affecting tax charge for the year

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2016 £	2015 £
Profit (loss) for the period – continuing operations	(1,727,965)	(660,427)
Tax on profit at standard UK tax rate of 20% (2015:20.25%)	(345,593)	(133,764)
Effects of:		
Expenses not deductible	373,789	345,243
Income not taxable	-	(688)
Transfer pricing adjustment	158,400	135,326
Gains/rollover relief	34,809	-
Adjustment from previous periods	26,804	(309,091)
Tax rate changes	(26,349)	(41,828)
Tax charge for the period	221,860	(4,802)

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

6 Taxation (continued)

Notes to the accounts – Statement of financial position

Group	2016	2015
Current (assets) / liabilities	£	£
Corporation tax	(82,537)	(9,407)
Group relief creditor	-	-
	(82,537)	(9,407)

7 Employees

The average number of persons employed by the group during the year was 810, which was made up of 791 Operations and 88 administration and management. All were employed in the United Kingdom.

8 Directors' emoluments

	2016	2015
	£	£
Directors' emoluments	455,308	429,016
Pension contributions	24,179	32,490

The remuneration of the highest paid director for the year to 31 December 2016 was £191,082 plus pension contributions of £12,275.

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

9 Intangible assets

Group

	Goodwill
	£
Cost	
At 1 January 2016 & 31 December 2016	29,874,236
Amortisation	
At 1 January 2016	4,276,017
Charge for the year	1,616,548
At 31 December 2016	5,892,565
Net book value	
At 31 December 2016	23,981,671
At 31 December 2015	25,598,219

Goodwill arising on the acquisition of Fishers Services Group Holdings Limited and subsidiary companies is being amortised on a straight-line basis over 20 years. The directors have assessed that the value of the business continues to exceed the carrying value of the assets including goodwill.

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Property, Plant and Equipment

	Heritable land & buildings	Leasehold improvements	Plant & machinery	Fixtures, fittings, tools & equipment	Assets under construction	Total
	£	£	£	£	£	£
Valuation at 1 Jan 2016	3,800,308	982,256	8,216,449	612,806	3,235,156	16,846,975
Additions	73,722	92,329	802,278	117,167	-	1,085,496
Transfer	-	337,130	2,898,026	-	(3,235,156)	-
Disposals	-	-	(1,989,801)	-	-	(1,989,801)
At 31 December 2016	3,874,030	1,411,715	9,926,952	729,973	-	15,942,670

Depreciation and Impairment

At 1 January 2016	259,258	46,449	2,239,642	189,901	-	2,735,250
Charge for the year	106,545	26,708	1,215,017	108,015	-	1,456,285
Impairment	372,268	-	-	-	-	372,268
Disposals	-	-	(1,900,135)	-	-	(1,900,135)
At 31 December 2016	738,071	73,157	1,554,524	297,916	-	2,663,668

Net book value

At 31 December 2016	3,135,959	1,338,558	8,372,428	432,057	-	13,279,002
At 31 December 2015	3,541,050	935,807	5,976,807	422,905	3,235,156	14,111,725

Subsequent to year end, the Aberfeldy site, which had been closed during the year, was sold for a consideration of £60,000. An impairment to that plant site was recorded to reflect the carrying value at the consideration it was sold for.

As at 31 December, assets held under hire purchase agreements were as follows:

	2016	2015
	£	£
Cost	51,351	64,483
Accumulated depreciation	(10,270)	(64,483)
Net book value	41,081	-

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

11 Investments - cost

Company	Shares in subsidiary undertakings £
Cost at net book value	
At 1 January and 31 December	34,339,316
The shareholdings in subsidiary undertakings are as follows:	
Fishers Services Group Holdings Limited	Ordinary 100%
	A Ordinary 100%
Fishers Holdings Limited	Ordinary *100%
	Preference *100%
Fishers Services Limited	Ordinary **100%
Fishers Services Group EBT Trustee Limited	Ordinary ***100%
Fishers Services (Cupar) Limited	Ordinary ***100%
Fishers Services (Aberfeldy) Limited	Ordinary ***100%
Fishers Services (Greenock) Limited	Ordinary ***100%
	Preference ***100%
Cleangear Limited	Ordinary 100%
* Held by Fishers Services Group Holdings Limited	
** Held by Fishers Holdings Limited	
*** Held by Fishers Services Limited	

12 Trade and other receivables

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade receivables	5,540,312	6,029,223	-	-
Amounts due by group undertakings	-	-	-	396,334
Corporation Tax	82,537	9,407	-	-
Prepayments and accrued income	670,275	784,227	25	9,758
	6,293,124	6,822,857	25	406,092

The amounts due by wholly owned group undertakings are unsecured, repayable on demand and bears interest at 1.95% above Bank of England base.

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Trade and other payables

	Group	Group	Company	Company
Non-current	2016	2015	2016	2015
	£	£	£	£
Bank loans	16,570,000	18,700,000	16,570,000	18,700,000
Eurobond loan note	9,520,775	7,936,775	9,520,775	7,936,775
Hire purchase	19,933	-	-	-
Trade and other payables	-	1,654,977	-	-
Amounts owed to group undertakings	-	-	2,453,042	-
	26,110,708	28,291,752	28,543,817	26,636,775

Maturity of debt

The maturity profile of the borrowings is as follows:

	Group	Group	Company	Company
	2016	2015	2016	2015
	£	£	£	£
Repayable by instalments				
- Hire purchase creditor				
Within one year	17,118	4,315	-	-
Between one and two years	19,933	-	-	-
Total repayable by instalments	37,051	4,315	-	-
Repayable other than by instalments within one year				
- Bank overdraft	730,000	730,000	730,000	730,000
Repayable other than by instalments between two and five years				
- Bank loans	18,920,000	20,600,000	18,920,000	20,600,000
- Eurobond loan	9,520,775	7,936,775	9,520,775	7,936,775
	28,440,775	28,536,775	28,440,775	28,536,775
Total repayable other than by instalments	29,170,775	29,266,775	29,170,775	29,266,775
Total debt	29,207,826	29,271,090	29,170,775	29,266,775

The bank loans are split into 3 tranches. Loan A is £10m and is repayable in quarterly instalments over 5 years attracting interest at 4.5% above LIBOR. Loan B is £12.75m and is repayable by way of a “bullet” payment on 28 June 2019 and attracts interest at 5% above LIBOR. Loan C is £2.25m and is repayable by way of a “bullet” payment on 28 June 2019 and attracts interest at 8.5% above LIBOR. The bank loans are secured by a first floating charge and standard security over the assets of the group. Issue costs of £330,000 (2015: £550,000) have been set off against Bank loans.

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Trade and other payables (continued)

The Eurobond loan was issued by the Company and is due to be redeemed in full on 28 June 2019 and is accruing interest at 20% per annum. Interest of £1,584,000 incurred in the year has been added to the loans.

Current	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank Loans	2,350,000	1,900,000	2,350,000	1,900,000
Bank overdraft	730,000	730,000	730,000	730,000
Trade payables	4,931,227	4,846,185	-	-
Hire purchase creditor	17,118	4,315	-	-
Other taxes and social security	1,033,675	471,136	-	-
Accruals and deferred income	1,330,672	1,293,224	-	-
	10,392,692	9,244,860	3,080,000	2,630,000

The hire purchase payable is repayable as follows:

	2016 £	2015 £
Within one year	17,118	4,315
Between one and two years	19,933	-
	37,051	4,315

The hire purchase payable is secured over certain assets of the company (Note 10).

The intercompany amounts owed to the ultimate parent undertaking and parent undertaking are unsecured, repayable on demand and do not bear interest.

There is £11,230 outstanding at the end of the year (2015: £10,737) in relation to the Defined Contribution Scheme.

14 Deferred income

Group	2016 £	2015 £
Capital grant		
At January 1	394,806	446,306
Released to profit and loss account	(51,500)	(51,500)
At 31 December 2016	343,306	394,806

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

15 Called up share capital

	2016	2015
Group and company	£	£
Allotted, called up and fully paid		
10,700,889 A preference shares of £1.00 each	10,700,889	10,700,889
873,400 B preference shares of £1.00 each	873,400	873,400
55,556 C preference shares of £1.00 each	55,556	55,556
8,824 ordinary shares of £1.00 each	8,824	8,824
	11,638,669	11,638,669

Ordinary shares are the only shares with voting rights.

The preference shares are payable in full before the ordinary shares, in the order A, B and C on the windup or disposal of the company. The preference shares bear no interest.

The Group operates an Employee Benefit Trust ("EBT"). Shares held by the trust are treated as a deduction from equity in the Group's financial statements. Other assets and liabilities of the trust are consolidated in the Group's financial statements as if they were assets and liabilities of the Group. As at 31 December 2015, the EBT held 64,444 (2015: 64,444) ordinary shares in the Company.

16 Provisions for liabilities

Group	2016	2015
Deferred tax	£	£
Provision at start of year	329,291	393,254
Deferred tax charge to income statement for the year	18,336	146,186
Adjustments in respect for prior year	69,207	(210,150)
Provision at end of year	416,834	329,290

	2016	2015
	£	£
Fixed asset timing differences	531,772	487,302
Short term timing differences	(68,771)	(81,738)
Losses	(46,167)	(76,274)
	416,834	329,290

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

16 Provisions for liabilities (continued)

	2016 £
Deferred tax (assets)	
Recoverable within 12 months	(68,771)
Recoverable after 12 months	(46,167)
	(114,938)
Deferred tax liabilities	
Recoverable within 12 months	531,772
Recoverable after 12 months	-
	531,772

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill on 6 September 2016. These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

17 Analysis of net debt

Group	2016 £	2015 £
Net cash:		
Cash at bank and in hand	1,165,687	1,064,792
Bank overdraft	(730,000)	(730,000)
	435,687	334,792
Debt:		
Debt due after one year	(28,440,775)	(28,536,775)
Finance leases due within 1 year	(17,118)	(4,315)
Finance leases due after 1 year	(19,933)	-
Net debt	(28,042,139)	(28,206,298)

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

18 Reconciliation of cash flow to movement in net debt

Group	As at 31 Dec 15	Cash flow	Non-cash movements	As at 31 Dec 16
	£	£	£	£
Cash at bank and in hand	1,064,792	100,895	-	1,165,687
Overdraft	(730,000)	-	-	(730,000)
Net cash	334,792	100,895	-	435,687
Debt due within 1 year	-	-	-	-
Debt due after 1 year	(28,536,775)	1,900,000	(1,804,000)	(28,440,775)
Finance leases due within 1 year	(4,315)	(12,803)	-	(17,118)
Finance leases due after 1 year	-	(19,933)	-	(19,933)
	(28,206,298)	1,968,159	(1,804,000)	28,042,139

19 Contingent liabilities

The company has entered into cross guarantees with other members of the Fishers Topco Limited group of companies in respect of its own borrowings and those of other members of the group.

20 Financial commitments

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	2016	2015
Payments due	£	£
Not later than one year	1,200,552	1,042,242
Later than one year and not later than five years	3,082,147	2,540,148
Later than five years	396,985	13,358
	4,679,684	3,595,748

21 Related parties

Fishers Topco Limited is the ultimate parent company and controlling party of the group.

The group has taken advantage of the exemption conferred by FRS 102 paragraph 33 "Related Party Disclosures" from the need to disclose transactions between wholly owned group entities which have been eliminated on consolidation in these financial statements.

Fishers Topco Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

The group pays a monitoring fee to Cavendish Square Partners Limited Partnership, who is the majority shareholder of the group. £66,197 has been charged to the income statement in the year.