UNITECH SERVICES GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

Company Registration No 05103812 (England and Wales)

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UNITECH SERVICES GROUP LIMITED

COMPANY INFORMATION

Directors	R Croatti G Bakevich S Sintros
Secretary	S Sintros
Company number	05103812
Registered office	Ruthlyn House 90 Lincoln Road Peterborough PE1 2SP
Auditors	Rawlinsons Ruthlyn House 90 Lincoln Road Peterborough PE1 2SP
Business address	Unit 5 Oakwood Close Pen-Y-Fan Industrial Estate Crumlin South Wales NP11 3HY

UNITECH SERVICES GROUP LIMITED

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UNITECH SERVICES GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

The directors present their report and financial statements for the year ended 31 August 2013

Principal activities and review of the business
The principal activity of the company continues to be the radiological decontamination and laundry of garments and other items associated with the nuclear industry

The Oakdale facility has now been operating for nearly 5 years and the business has seen a steady growth in revenue and profit over that period

The Directors have in place a series of operational and financial controls that will preserve that profitability for future years

Following another very successful year the Directors are pleased to have gained OHSAS 18001 for Health and Safety to compliment the exisitng ISO9001 (for quality) and 14001 (for Enironment) certifications

Risks
The Directors recognise the inherent risks of operating within the nuclear industry and have in place strategies to minimise exposure in all areas where risk exists Principal amongst those risks facing the business are

-Political commitment to the future growth of the nuclear energy sector in the UK
-Government funding for the accelerated decommissioning of nuclear installations
-Customer willingness to consume non-launderable garments

Operational risks are mitigated by the availability of capacity within our sister plant in Holland

The company continues to monitor and control its principal assets of stock, trade debtors and loans in such a manner as to maximise the company's operations in a volatile market

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

Position of the company at the year end
The Balance Sheet shows considerable improvement in the company's financial position over the past year The Profit and Loss account shows a consolidation of the performance, although the business continues to rely on the support of the parent company as disclosed in note 1 to the accounts

Details of debtors are shown in note 8 and details of creditors are shown in note 9

Key performance indicators (KPI's)

Commercial indicators

Revenue per pound of laundry processed
Revenue from new income streams
Increase in overall processing revenue

Health and Safety indicators

Number of workplace or reportable accidents
Lost time due to accidents in days
Total hours of Health and Safety training

Environment

Meet and exceed all the enironmental legislation that relates to the Company
Trending of gas, electric and water consumption per pound of laundry processed
Track all requirements to meet condition of environmental permit

Quality

Maintain ISO9001,14001 and OSHAS 18001 accreditation
Undertake an annual customer satisfaction survey
Complete 100% of internal audit schedule and quarterly review meetings

Radiological indicators

Personal contamination events
Annuals dose
Radiological surveys complete

Results and dividends
The results for the year are set out on page 6

Future developments
The directors will hope to consolidate Unitech Services Group Limited position for providing an efficient and effective laundry processing service in the Nuclear industry, and become the first contingency choice for facilities that are carrying out their own laundry processing The directors also see the potential for growth of other revenue streams at the Oakdale Facility

Directors
The following directors have held office since 1 September 2012

R Croatti
G Bakevich
S Sintros

Auditors
The auditors, Rawlinsons, are deemed to be reappointed under section 487(2) of the Companies Act 2006

UNITECH SERVICES GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

G Bakevich

G Bakevich

Director

6-12-2013

UNITECH SERVICES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UNITECH SERVICES GROUP LIMITED

We have audited the financial statements of Unitech Services Group Limited for the year ended 31 August 2013 set out on pages 6 to 16 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, 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) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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 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 In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion

- give a true and fair view of the state of the company's affairs as at 31 August 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

UNITECH SERVICES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF UNITECH SERVICES GROUP LIMITED

Matters on which we are required to report by exception

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

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

Graham Jones BA FCA, (Senior Statutory Auditor)
for and on behalf of Rawlinsons

11-12-2013

Chartered Accountants
Statutory Auditors

Ruthlyn House
90 Lincoln Road
Peterborough
PE1 2SP

UNITECH SERVICES GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £	2012 £
Turnover	**2**	4,604,076	4,636,702
Change in stocks of finished goods and work in progress		138,319	289,833
Raw materials and consumables		(519,044)	(744,769)
Other external charges		(218,662)	(186,315)
Staff costs		(1,019,615)	(907,313)
Depreciation on fixed assets		(590,698)	(599,445)
Other operating charges		(1,156,719)	(1,090,393)
Amortisation of government grant		7,352	7,352
Other operating income		7	-
Operating profit	**3**	1,245,016	1,405,652
Interest payable and similar charges	**4**	(63,065)	(100,154)
Profit on ordinary activities before taxation		1,181,951	1,305,498
Tax on profit on ordinary activities	**5**	(316,622)	(366,337)
Profit for the year	**15**	865,329	939,161

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

UNITECH SERVICES GROUP LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	6		3,634,683		4,054,994
Current assets					
Stocks	7	1,021,851		867,062	
Debtors	8	933,494		993,742	
Cash at bank and in hand		1,582,623		1,557,570	
		3,537,968		3,418,374	
Creditors. amounts falling due within one year	9	(4,842,159)		(5,968,211)	
Net current liabilities			(1,304,191)		(2,549,837)
Total assets less current liabilities			2,330,492		1,505,157
Creditors amounts falling due after more than one year	10		(501)		(3,484)
Provisions for liabilities	11				
Deferred tax liability			(33,315)		(62,976)
Deferred income	12		(235,457)		(242,807)
			2,061,219		1,195,890
Capital and reserves					
Called up share capital	14		1,000		1,000
Share premium account	15		99,000		99,000
Profit and loss account	15		1,961,219		1,095,890
Shareholders' funds	16		2,061,219		1,195,890

Approved by the Board and authorised for issue on 6-12-2013

G Bakevich
Director

Company Registration No. 05103812

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company is dependent on the continued support of the company's parent company Continuing finance is required both to enable the company to meet its liabilities as they fall due and to continue operating without immediate realisation of all its assets

The directors believe that continuing finance will be available and that it is therefore appropriate to prepare accounts on a going concern basis However, should continuing finance not be available, the going concern basis would be invalid and adjustment would have to be made to reduce the value of the assets to their realisable amounts, to provide for any further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1 2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1 3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1 4 Purchased goodwill

The goodwill was acquired on the purchase of the assets and trading activity of Overwear Limited

Acquired goodwill is amortised through the profit and loss account in annual instalments over its estimated useful economic life of 7 years

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Freehold land and buildings	2 8%, 6 6% and 10% straight line
Plant and machinery	6 6%, 10% and 20% Straight line
Fixtures, fittings and equipment	33 3% and 12 5% Straight line

1 6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1 Accounting policies **(continued)**

1 7 Stock

Stock is valued at the lower of cost and net realisable value Circulating inventory is being amortised over 15, 24 or 36 months

1 8 Pensions

The company operates a defined contribution scheme for the benefit of its employees Contributions payable are charged to the profit and loss account in the year they are payable

1 9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes The deferred tax balance has not been discounted

1 10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to profit and loss account

1 11 Government grants

Grants are credited to deferred revenue Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred

1.12 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Unifirst Corporation, a company incorporated in the USA, and is included in the consolidated accounts of that company

2 Turnover and profit on ordinary activities before taxation

	Turnover	
	2013	**2012**
	£	**£**
Class of business		
Direct sales	700,335	684,380
Laundry processing and garment leasing and repair	3,903,741	3,937,622
Other sales	-	14,700
	4,604,076	4,636,702

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

3	**Operating profit**	**2013**	**2012**
		£	**£**
	Operating profit is stated after charging		
	Amortisation of intangible assets	-	32,135
	Depreciation of tangible assets	590,698	567,310
	Loss on disposal of tangible assets	134	-
	Loss on foreign exchange transactions	10,592	-
	Auditors' remuneration (including expenses and benefits in kind)	7,770	8,623
	and after crediting		
	Government grants	7,352	7,352
	Profit on disposal of tangible assets	-	(37,330)
	Profit on foreign exchange transactions	-	(8,699)

4	**Interest payable**	**2013**	**2012**
		£	**£**
	On amounts payable to group companies	4,184	26,935
	On bank loans and overdrafts	58,060	72,480
	Hire purchase interest	413	739
	On overdue tax	408	-
		63,065	100,154

5 Taxation	2013	2012
	£	£
Domestic current year tax		
U K corporation tax	346,287	374,245
Adjustment for prior years	(4)	-
Total current tax	346,283	374,245
Deferred tax		
Origination and reversal of timing differences	(29,661)	(7,908)
	316,622	366,337
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,181,951	1,305,498
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23 00% (2012 - 24 00%)	271,849	313,320
Effects of		
Non deductible expenses	460	1,071
Depreciation add back	134,200	125,337
Capital allowances	(68,752)	(82,785)
Changes in tax rates	8,530	17,302
Adjustments to previous periods	(4)	-
	74,434	60,925
Current tax charge for the year	346,283	374,245

6 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2012	3,878,072	1,941,877	74,102	5,894,051
Additions	1,917	144,470	24,135	170,522
Disposals	-	-	(550)	(550)
At 31 August 2013	3,879,989	2,086,347	97,687	6,064,023
Depreciation				
At 1 September 2012	1,048,424	737,549	53,085	1,839,058
On disposals	-	-	(416)	(416)
Charge for the year	301,085	274,805	14,808	590,698
At 31 August 2013	1,349,509	1,012,354	67,477	2,429,340
Net book value				
At 31 August 2013	2,530,480	1,073,993	30,210	3,634,683
At 31 August 2012	2,829,648	1,204,329	21,017	4,054,994

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery
	£
Net book values	
At 31 August 2013	6,376
At 31 August 2012	10,501
Depreciation charge for the year	
At 31 August 2013	4,125
At 31 August 2012	2,923

Freehold land and buildings includes capitalised finance costs of £131,039

7 Stocks

	2013	2012
	£	£
Finished goods and goods for resale	1,021,851	867,062

8 Debtors	2013 £	2012 £
Trade debtors	882,762	886,025
Amounts owed by parent and fellow subsidiary undertakings	-	37,872
Other debtors	1,850	1,623
Prepayments and accrued income	48,882	68,222
	933,494	993,742

9 Creditors. amounts falling due within one year	2013 £	2012 £
Bank loans and overdrafts	2,850,000	2,850,000
Net obligations under hire purchase contracts	2,913	5,947
Trade creditors	76,571	122,447
Amounts owed to parent and fellow subsidiary undertakings	1,421,886	2,623,627
Corporation tax	171,287	174,245
Other taxes and social security costs	150,435	103,916
Accruals and deferred income	169,067	88,029
	4,842,159	5,968,211

The security on the loan has been provided by Unifirst Corporation and UniTech Services Group Inc

The loan is repayable on demand The interest rate per annum is 1 5 per cent above LIBOR

10 Creditors amounts falling due after more than one year	2013 £	2012 £
Net obligations under hire purchase contracts	501	3,484

Net obligations under hire purchase contracts		
Repayable within one year	2,913	5,947
Repayable between one and five years	501	3,484
	3,414	9,431
Included in liabilities falling due within one year	(2,913)	(5,947)
	501	3,484

11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 September 2012	62,976
Profit and loss account	(29,661)
Balance at 31 August 2013	33,315

Deferred taxation provided in the financial statements is as follows

	Fully provided	
	2013 £	2012 £
Accelerated capital allowances	87,470	121,250
Other timing differences	(54,155)	(58,274)
	33,315	62,976

12 Accruals and deferred income

	Government grants £
Balance at 1 September 2012	242,807
Amortisation in the year	(7,350)
Balance at 31 August 2013	235,457

13 Pension and other post-retirement benefit commitments

Defined contribution

	2013 £	2012 £
Contributions payable by the group for the year	5,907	4,868

14 Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

15 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 September 2012	99,000	1,095,890
Profit for the year	-	865,329
Balance at 31 August 2013	99,000	1,961,219

16 Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	865,329	939,161
Opening shareholders' funds	1,195,890	256,729
Closing shareholders' funds	2,061,219	1,195,890

17 Financial commitments

At 31 August 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2014

	Other	
	2013	2012
	£	£
Operating leases which expire		
Within one year	3,965	2,668
Between two and five years	1,664	4,160
	5,629	6,828

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2013 Number	2012 Number
Office and management	7	8
Sales staff	2	2
Production	35	31
	44	41

Employment costs	2013 £	2012 £
Wages and salaries	922,281	820,205
Social security costs	91,427	82,240
Other pension costs	5,907	4,868
	1,019,615	907,313

19 Control

The immediate parent company is Unitech Services Group Inc , which is registered in the United States

The ultimate parent company is Unifirst Corporation, which is also registered in the United States

No one individual has a controlling interest in the company

20 Related party relationships and transactions

As a wholly-owned subsidiary undertaking, the company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has not disclosed transactions or balances with entities which form part of the group

There were no other related party transactions during the year

21 Post balance sheet events

The company is going to receive a grant of £70,968 from the Welsh Assembly in 2013/14 as a contribution towards the cost of constructing the laundry facility in Wales