

Company Registration No. 05103812 (England and Wales)

UNITECH SERVICES GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

UNITECH SERVICES GROUP LIMITED

COMPANY INFORMATION

Directors	D Crosbee S Sintros M Bovino
Secretary	S Sintros
Company number	05103812
Registered office	Ruthlyn House 90 Lincoln Road Peterborough Cambridgeshire United Kingdom PE1 2SP
Auditor	Azets Audit Services Ruthlyn House 90 Lincoln Road Peterborough United Kingdom PE1 2SP
Business address	Unit 5 Oakwood Close Pen-Y-Fan Industrial Estate Crumlin Gwent United Kingdom NP11 3HY

UNITECH SERVICES GROUP LIMITED

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UNITECH SERVICES GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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

Fair review of the business

The Oakdale facility has now been operating for over ten years and the business has seen a steady growth in revenue and profit over that period and now entering a period of stability.

The Directors have in place a series of operational and financial controls that will preserve that profitability for future years and have long term contracts with major customers in the UK. This will provide security and the potential for further growth.

Following a challenging year the Directors are pleased to have achieved ISO27001 for Information Security and maintained ISO45001 for Health and Safety, ISO9001 (Quality) and 14001 (Environment) certifications.

Principal risks and uncertainties

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 and any project management changes that affect the business
- Customer willingness to consume non-launderable garments
- The Covid pandemic has impacted the business and although the Nuclear Industry saw a downturn in activity some new business outside of the Nuclear Industry did help which continued into the early part of this Financial Year
- Brexit has introduced some new challenges to the business and the contingency arrangement based on the business continuity plan in utilising our facility in the Netherlands has been tested to mitigate this and to minimise risk of delays

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.

Development and performance

The Balance Sheet shows improvement in the company's financial position over the past year. The Profit and Loss account shows a consolidation of the performance.

Details of debtors are shown in note 13 and details of creditors are shown in note 14 and 15.

UNITECH SERVICES GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Key performance indicators

Commercial indicators

Revenue per pound of laundry processed

Number of respirators per hour processed

Health and safety indicators

Number of workplace or reportable accidents

Lost time due to accidents in days

Maintain a healthy safety culture and reporting of near misses

Environment

Maintain and exceed all the environmental legislation that relates to the Company

Trending of gas, electric and water consumption per pound of laundry processed

Reduce the amount of waste going to landfill

Quality

Maintain ISO9001,14001 and ISO45001 accreditation

Undertake an annual customer satisfaction survey

Maintain rejects found at customer sites to below 0.1% of processing

Radiological indicators

Personal contamination events

Annual dose for all < 1 man/mSv per year

On behalf of the board

D Crosbee

Director

13 December 2021

UNITECH SERVICES GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their annual report and financial statements for the year ended 31 August 2021.

Principal activities

The principal activity of the company continues to be the radiological decontamination and laundry of garments and other items associated with the nuclear industry. In addition to this the company has consolidated its scaffold monitoring and recycling service.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Crosbee
S Sintros
M Bovino

Future developments

The directors have consolidated Unitech Services Group Limited position for providing an efficient and effective laundry processing service in the Nuclear industry, and are the first contingency choice for facilities that are carrying out their own laundry processing. The Covid pandemic has led to a significant slowdown of Nuclear Industry activities during the financial year however, the outlook going forward is positive with that work picking up with significant momentum in future years and the company are hopeful of greater opportunities going forward.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

The figures below detail the annual GHG emissions (scope 1 and 2) from activities for which the company is directly responsible.

	2021 kWh	2020 kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year	1,346,276	1,022,778
	<u> </u>	<u> </u>

UNITECH SERVICES GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

	2021 metric tonnes	2020 metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	205.00	150.00
- Fuel consumed for owned transport	223.00	125.00
	428.00	275.00
Scope 2 - indirect emissions		
- Electricity purchased	95.00	85.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	10.00	14.00
	533.00	374.00
<i>Intensity ratio</i>		
Tonnes CO2e per employee	12	13

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

The scope 3 emissions for business travel have not been quantified as estimations show that they account for less than 5% of our scope 1 emissions and therefore are negligible.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We are focussing on more efficient transport runs, and consolidation by working with customers to reduce the carbon footprint.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

On behalf of the board

D Crosbee
Director

13 December 2021

UNITECH SERVICES GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors are responsible for preparing the annual 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

UNITECH SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITECH SERVICES GROUP LIMITED

Opinion

We have audited the financial statements of Unitech Services Group Limited (the 'company') for the year ended 31 August 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

UNITECH SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF UNITECH SERVICES GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

Auditor's 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 auditor's 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

UNITECH SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF UNITECH SERVICES GROUP LIMITED

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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.

Mr Graham Jones BA FCA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

21 December 2021

Chartered Accountants
Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
United Kingdom
PE1 2SP

UNITECH SERVICES GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
Turnover	3	3,810,822	3,566,105
Cost of sales		(1,715,461)	(2,004,592)
Gross profit		2,095,361	1,561,513
Distribution costs		(259,236)	(297,014)
Administrative expenses		(1,009,733)	(975,277)
Other operating income		16,777	57,749
Operating profit	4	843,169	346,971
Interest receivable and similar income	7	3	25,187
Interest payable and similar expenses	8	(444)	(865)
Profit before taxation		842,728	371,293
Tax on profit	9	(168,438)	(78,689)
Profit for the financial year		674,290	292,604

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

UNITECH SERVICES GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

	2021	2020
	£	£
Profit for the year	674,290	292,604
Other comprehensive income	-	-
Total comprehensive income for the year	<u>674,290</u>	<u>292,604</u>

UNITECH SERVICES GROUP LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		1,293,482		1,439,528
Current assets					
Stocks	11	734,574		474,144	
Debtors	12	1,013,503		641,446	
Cash at bank and in hand		6,182,771		5,876,027	
		<u>7,930,848</u>		<u>6,991,617</u>	
Creditors: amounts falling due within one year	13	<u>(587,719)</u>		<u>(482,956)</u>	
Net current assets			7,343,129		6,508,661
Total assets less current liabilities			<u>8,636,611</u>		<u>7,948,189</u>
Creditors: amounts falling due after more than one year	14		(231,583)		(240,938)
Provisions for liabilities					
Provisions	18	<u>336,652</u>	<u>(336,652)</u>	<u>313,165</u>	<u>(313,165)</u>
Net assets			<u>8,068,376</u>		<u>7,394,086</u>
Capital and reserves					
Called up share capital	20		1,000		1,000
Share premium account			99,000		99,000
Profit and loss reserves			<u>7,968,376</u>		<u>7,294,086</u>
Total equity			<u>8,068,376</u>		<u>7,394,086</u>

The financial statements were approved by the board of directors and authorised for issue on 13 December 2021 and are signed on its behalf by:

D Crosbee
Director

Company Registration No. 05103812

UNITECH SERVICES GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 September 2019	1,000	99,000	7,001,482	7,101,482
Year ended 31 August 2020:				
Profit and total comprehensive income for the year	-	-	292,604	292,604
Balance at 31 August 2020	1,000	99,000	7,294,086	7,394,086
Year ended 31 August 2021:				
Profit and total comprehensive income for the year	-	-	674,290	674,290
Balance at 31 August 2021	1,000	99,000	7,968,376	8,068,376

UNITECH SERVICES GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	25	461,345		601,657	
Interest paid		(444)		(865)	
Income taxes paid		(125,456)		(174,786)	
Net cash inflow from operating activities		335,445		426,006	
Investing activities					
Purchase of tangible fixed assets		(34,407)		(11,703)	
Proceeds on disposal of tangible fixed assets		6,953		-	
Interest received		3		25,187	
Net cash (used in)/generated from investing activities		(27,451)		13,484	
Financing activities					
Payment of finance leases obligations		(1,250)		(1,500)	
Net cash used in financing activities		(1,250)		(1,500)	
Net increase in cash and cash equivalents		306,744		437,990	
Cash and cash equivalents at beginning of year		5,876,027		5,438,037	
Cash and cash equivalents at end of year		6,182,771		5,876,027	

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Unitech Services Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ruthlyn House, 90 Lincoln Road, Peterborough, Cambridgeshire, United Kingdom, PE1 2SP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Unitech Services Group Limited is a wholly owned subsidiary of Unifirst Corporation. The results of Unitech Services Group Limited are included in the consolidated financial statements of Unifirst Corporation, a company incorporated in the USA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors have taken consideration of the effects of COVID-19 in making their assessment.

1.3 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets 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	12.5%, 20% and 33.3% Straight line
Motor vehicles	20% straight line and 10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Circulating inventory is being amortised over 15, 24 or 36 months.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

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 profit or loss.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.16 Asset decommissioning provision

The legal obligations of the nuclear industry require costs to be incurred in the future for the decommissioning of the plant. These costs can be forecasted based upon similar experiences within the group. In order to show a true and fair view and to be consistent with other companies in the group, the directors have decided that provisions for decommissioning costs should be made in accordance with group policy. A provision is made in accordance with ASC 410-20 for consistency, this is not materially different to UK GAAP.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover		
Direct sales	693,644	1,087,303
Laundry processing and garment leasing and repair	3,117,178	2,478,802
	<u>3,810,822</u>	<u>3,566,105</u>
Other significant revenue		
Interest income	3	25,187
Grant amortisation	9,355	9,355
Government funding: Coronavirus	7,422	48,373
	<u>16,779</u>	<u>82,915</u>

Turnover analysed by geographical market

The total turnover of the company for the year that is considered to be material has been derived from its principal activity wholly undertaken in the UK.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	5,709	1,981
Government grants	(9,355)	(57,728)
Government grants: Coronavirus	(7,422)	(48,373)
Depreciation of owned tangible fixed assets	170,304	174,163
Depreciation of tangible fixed assets held under finance leases	-	750
Loss on disposal of tangible fixed assets	3,196	-
Impairment of stocks recognised or reversed	64,683	94,854
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	9,425	9,000
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	5,950	5,100
All other non-audit services	2,436	4,675
	<u> </u>	<u> </u>
	8,386	9,775
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Office and management	5	6
Sales staff	2	2
Production	31	34
	<u> </u>	<u> </u>
Total	38	42
	<u> </u>	<u> </u>

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2021	2020
		£	£
	Wages and salaries	1,184,455	1,244,521
	Social security costs	112,808	125,151
	Pension costs	34,639	37,081
		<u>1,331,902</u>	<u>1,406,753</u>
7	Interest receivable and similar income		
		2021	2020
		£	£
	Interest income		
	Interest on bank deposits	3	25,187
		<u>3</u>	<u>25,187</u>
8	Interest payable and similar expenses		
		2021	2020
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	444	633
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	-	232
		<u>444</u>	<u>865</u>
9	Taxation		
		2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	178,344	91,454
	Adjustments in respect of prior periods	-	(450)
	Total current tax	<u>178,344</u>	<u>91,004</u>
	Deferred tax		
	Origination and reversal of timing differences	(9,906)	(12,315)
	Total tax charge	<u>168,438</u>	<u>78,689</u>

During the year the corporation tax rates remained at 19%.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	842,728	371,293
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	160,118	70,546
Tax effect of expenses that are not deductible in determining taxable profit	5,261	4,366
Tax effect of income not taxable in determining taxable profit	(1,777)	(1,777)
Adjustments in respect of prior years	-	(450)
Deferred tax movement	(9,907)	(12,315)
Capital allowances	(17,615)	(14,914)
Depreciation add back	32,358	33,233
Taxation charge for the year	168,438	78,689

10 Tangible fixed assets

	Freehold land and buildings	Plant and fixtures, machinery and equipment	fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2020	3,967,906	2,518,482	125,910	42,159	6,654,457
Additions	-	6,370	947	27,090	34,407
Disposals	-	(94,113)	(12,804)	-	(106,917)
At 31 August 2021	3,967,906	2,430,739	114,053	69,249	6,581,947
Depreciation and impairment					
At 1 September 2020	2,964,146	2,150,171	91,633	8,979	5,214,929
Depreciation charged in the year	58,579	91,070	12,260	8,395	170,304
Eliminated in respect of disposals	-	(83,964)	(12,804)	-	(96,768)
At 31 August 2021	3,022,725	2,157,277	91,089	17,374	5,288,465
Carrying amount					
At 31 August 2021	945,181	273,462	22,964	51,875	1,293,482
At 31 August 2020	1,003,760	368,311	34,277	33,180	1,439,528

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and machinery	-	4,500

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

11 Stocks

	2021 £	2020 £
Finished goods and goods for resale	734,574	474,144

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	812,402	440,516
Amounts owed by group undertakings	-	600
Other debtors	-	3,355
Prepayments and accrued income	92,111	97,892
	904,513	542,363

	2021 £	2020 £
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	108,990	99,083
Total debtors	1,013,503	641,446

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

13 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	15	-	1,250
Trade creditors		88,953	64,140
Amounts owed to group undertakings		132,814	61,797
Corporation tax		102,893	50,004
Other taxation and social security		116,470	96,951
Other creditors		6,679	6,278
Accruals and deferred income		139,910	202,536
		<u>587,719</u>	<u>482,956</u>

14 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Government grants	17	231,583	240,938
		<u>231,583</u>	<u>240,938</u>

15 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	-	1,250
	<u>-</u>	<u>1,250</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2021 £	Assets 2020 £
Balances:		
Accelerated capital allowances	28,851	21,629
Other timing differences	80,139	77,454
	<u>108,990</u>	<u>99,083</u>

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

16	Deferred taxation	(Continued)
		2021
	Movements in the year:	£
	Asset at 1 September 2020	(99,083)
	Credit to profit or loss	(9,907)
	Asset at 31 August 2021	<u>(108,990)</u>

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to the utilisation of tax losses against future expected profits of the same period.

17	Deferred grants	2021	2020
		£	£
	Arising from government grants	231,583	240,938
		<u>231,583</u>	<u>240,938</u>

The company received a £300,000 Single Investment Fund grant in 2009 and an additional £70,968 RSA grant in 2013. The grants received are shown as deferred income in the balance sheet and released to the profit and loss account over the expected useful life of the asset for which they were provided being 35 years.

Refer to note 4 operating profit for amounts credited to profit and loss in the year.

18	Provisions for liabilities	2021	2020
		£	£
	Asset decommissioning provision	336,652	313,165
		<u>336,652</u>	<u>313,165</u>
	Movements on provisions:		
			Asset decommissioning provision
			£
	At 1 September 2020		313,165
	Unwinding of discount		23,487
	At 31 August 2021		<u>336,652</u>

Refer to accounting policy 1.16 for information regarding the asset decommissioning provision.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	34,639	37,081

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

21 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	68,744	68,744
Between two and five years	92,693	161,437
	161,437	230,181

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel including employer's pension contributions is as follows.

	2021	2020
	£	£
Aggregate compensation	125,791	130,993

Other information

Other related party transactions

As a wholly-owned subsidiary undertaking, the company has taken advantage of the exemption contained in Section 33 of FRS102 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.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

23 Ultimate controlling party

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.

24 Analysis of changes in net funds

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	5,876,027	306,744	6,182,771
Obligations under finance leases	(1,250)	1,250	-
	<u>5,874,777</u>	<u>307,994</u>	<u>6,182,771</u>

25 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	674,290	292,604
Adjustments for:		
Taxation charged	168,438	78,689
Finance costs	444	865
Investment income	(3)	(25,187)
Loss on disposal of tangible fixed assets	3,196	-
Depreciation and impairment of tangible fixed assets	170,304	174,913
Increase in provisions	23,487	21,849
Movements in working capital:		
(Increase)/decrease in stocks	(260,430)	92,981
(Increase)/decrease in debtors	(362,150)	625,555
Increase/(decrease) in creditors	53,124	(651,257)
Decrease in deferred income	(9,355)	(9,355)
Cash generated from operations	<u>461,345</u>	<u>601,657</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.