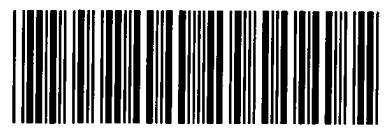


COMPANY REGISTRATION NUMBER: 00206893

The Swiss Laundry Limited
Financial Statements
For the year ended
30 June 2018

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The Swiss Laundry Limited

Financial Statements

Year ended 30 June 2018

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The Swiss Laundry Limited

Officers and Professional Advisers

THE BOARD OF DIRECTORS

Mrs M S Turvill-Smith
Mr W S Hammill
Mr G J Turvill (Chairman)
Mr R J Turvill
Dr J L Turvill
Mr M K Turvill

COMPANY SECRETARY

Mr M K Turvill

REGISTERED OFFICE

The Laundry
Cherry Hinton Road
Cambridge
CB1 7BY

AUDITOR

Streets Audit LLP
Chartered accountant & statutory auditor
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

BANKERS

Barclays Bank Plc
7/8 Clifton Court
Cherry Hinton Road
Cambridge
CB1 4BN

The Swiss Laundry Limited

Strategic Report

Year ended 30 June 2018

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and non-faceted nature of the business and is written in context of the trading, operational and market risks the business faces.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group has not changed. It continues providing linen & workwear rental services to the East Anglia market place. Additional activities cover laundering and dry cleaning services.

The industry sector, especially independent operators, continue to consolidate with new International operators buying into the UK market. Brexit concerns are being linked to a labour shortage in hospitality markets, but the Directors feel this maybe a wider trend of employment levels across the nation.

Group operational security, in the form of the new capacity, has facilitated further volume growth as the market for hospitality linen continues to grow within our defined market region. Directors are very cognisant of the dangers of over trading and proactively invest for continuity of supply.

Turnover now stands at £12.11m (2017 £10.78m) and the Group has worked hard to mitigate the particular effect of the National Living Wage (NLW) on wage expectations across all the sectors. Gross profit is now £5.18m (2017 £4.43m) providing a pre-tax profit of £1.41m (2017 £1.14m).

The pre-tax result incorporates £72k (2017 £33k) of net income from properties held as investments, and are largely associated with expanding the existing trading sites. The portfolio requires minimal supervision and is regularly reviewed for potential disposal of non-core sites.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The policy of monitoring risk remotely from trading continues to ensure continuity and consistency. In the year an independent report on site H&S risks validated this approach. Nonetheless, the principal trading risks facing the business are the loss of key contracts, financial instruments and those associated with larger numbers of employed staff.

FINANCIAL INSTRUMENTS

The financial instruments used by the company arise wholly and directly from its activities. The financial instruments comprise trade debtors, cash at bank and trade creditors. The company has put in place the following measures in order to manage financial risks arising from these financial instruments:

1. The company regularly monitors the level of debtors to ensure that they are kept at reasonable levels and within a predetermined strict credit limit.
2. The company carefully manages its cash position by regularly monitoring its cash flow using cash flow forecasting.
3. The company regularly monitors the trade balance and credit limit terms for all suppliers.

KEY PERFORMANCE INDICATORS

Recent technological investment at one site has facilitated the implementation of 'real time' KPI monitoring. The full benefits of such an investment are being monitored.

Turnover and gross margin are disclosed under Principal Activities and Business Review.

The Swiss Laundry Limited

Strategic Report *(continued)*

Year ended 30 June 2018

STRATEGY

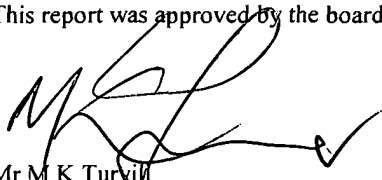
The core proposition presents a competitive pricing policy whilst offering a differentiated support service. This allows for the development of stable long term business relationships and lower cost of acquiring new sales. Comparatively, customer churn is low and is the focus for further enhancement after investments in CRM and customer service software.

FUTURE DEVELOPMENTS

Future performance will be affected largely by four factors:

- the restructuring of the property portfolio,
- the ability to increase processing capacity within existing or new facilities,
- Customer consolidation across the hospitality sector and
- the broader economic effect of Brexit and resulting staff costs.

This report was approved by the board of directors on 4/11/18 and signed on behalf of the board by:



Mr M K Turvill
Company Secretary

The Swiss Laundry Limited

Directors' Report

Year ended 30 June 2018

The directors present their report and the financial statements of the group for the year ended 30 June 2018.

Directors

The directors who served the company during the year were as follows:

Mrs M S Turvill-Smith
Mr W S Hammill
Mr G J Turvill (Chairman)
Mr R J Turvill
Dr J L Turvill
Mr M K Turvill

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Disclosure of information in the strategic report

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

The Swiss Laundry Limited

Directors' Report *(continued)*

Year ended 30 June 2018

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 4/11/18 and signed on behalf of the board by:



Mr M K Turvill
Company Secretary

The Swiss Laundry Limited

Independent Auditor's Report to the Members of The Swiss Laundry Limited

Year ended 30 June 2018

Opinion

We have audited the financial statements of The Swiss Laundry Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Swiss Laundry Limited

Independent Auditor's Report to the Members of The Swiss Laundry Limited (continued)

Year ended 30 June 2018

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

The Swiss Laundry Limited

Independent Auditor's Report to the Members of The Swiss Laundry Limited *(continued)*

Year ended 30 June 2018

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 group's and the parent 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 group or the parent 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

A. R. Blake

Alan Blake (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountant & statutory auditor
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

9 November 2018

The Swiss Laundry Limited

Consolidated Statement of Comprehensive Income

Year ended 30 June 2018

	Note	2018 £	2017 £
Turnover	4	12,112,467	10,780,896
Cost of sales		<u>6,936,059</u>	<u>6,348,929</u>
Gross profit		5,176,408	4,431,967
Distribution costs		1,433,871	1,211,684
Administrative expenses		2,385,955	2,147,727
Other operating income	5	<u>235,946</u>	<u>192,782</u>
Operating profit	6	1,592,528	1,265,338
Other interest receivable and similar income		7	18
Interest payable and similar expenses	10	<u>180,821</u>	<u>122,214</u>
Profit before taxation		1,411,714	1,143,142
Tax on profit	11	<u>287,233</u>	<u>194,986</u>
Profit for the financial year		<u>1,124,481</u>	<u>948,156</u>
Tax relating to components of other comprehensive income		18,939	33,438
Total comprehensive income for the year		<u>1,143,420</u>	<u>981,594</u>

All the activities of the group are from continuing operations.

The notes on pages 17 to 31 form part of these financial statements.

The Swiss Laundry Limited

Consolidated Statement of Financial Position

30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	16,569,041	12,911,142
Current assets			
Stocks	16	671,777	667,059
Debtors	17	2,905,963	2,051,930
Cash at bank and in hand		574,267	731,961
		<u>4,152,007</u>	<u>3,450,950</u>
Creditors: amounts falling due within one year	19	<u>4,596,724</u>	<u>3,367,211</u>
Net current (liabilities)/assets		<u>(444,717)</u>	<u>83,739</u>
Total assets less current liabilities		<u>16,124,324</u>	<u>12,994,881</u>
Creditors: amounts falling due after more than one year	20	6,225,885	4,038,068
Provisions			
Taxation including deferred tax	22	<u>643,877</u>	<u>636,671</u>
Net assets		<u><u>9,254,562</u></u>	<u><u>8,320,142</u></u>
Capital and reserves			
Called up share capital	26	100,000	100,000
Share premium account	27	599	599
Other reserves, including the fair value reserve	27	3,740,115	3,741,793
Profit and loss account	27	<u>5,413,848</u>	<u>4,477,750</u>
Shareholders funds		<u><u>9,254,562</u></u>	<u><u>8,320,142</u></u>

These financial statements were approved by the board of directors and authorised for issue on 04/11/18, and are signed on behalf of the board by:


Mr R J Tutwill
Director

Company registration number: 00206893

The notes on pages 17 to 31 form part of these financial statements.

The Swiss Laundry Limited

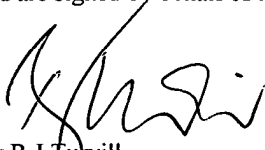
Company Statement of Financial Position

30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	12,608,882	8,424,108
Investments	15	870,701	870,701
		<u>13,479,583</u>	<u>9,294,809</u>
Current assets			
Stocks	16	201,461	281,392
Debtors	17	2,649,665	2,211,828
Cash at bank and in hand		2,810	163,447
		<u>2,853,936</u>	<u>2,656,667</u>
Creditors: amounts falling due within one year	19	<u>2,510,571</u>	<u>1,440,878</u>
Net current assets		<u>343,365</u>	<u>1,215,789</u>
Total assets less current liabilities		<u>13,822,948</u>	<u>10,510,598</u>
Creditors: amounts falling due after more than one year	20	5,182,308	2,733,231
Provisions			
Taxation including deferred tax	22	442,532	426,245
Net assets		<u>8,198,108</u>	<u>7,351,122</u>
Capital and reserves			
Called up share capital	26	100,000	100,000
Share premium account	27	599	599
Other reserves, including the fair value reserve	27	3,713,426	3,715,104
Profit and loss account	27	4,384,083	3,535,419
Shareholders funds		<u>8,198,108</u>	<u>7,351,122</u>

The profit for the financial year of the parent company was £1,037,047 (2017: £841,791).

These financial statements were approved by the board of directors and authorised for issue on 04/11/18 and are signed on behalf of the board by:


Mr R J Turvill
Director

Company registration number: 00206893

The notes on pages 17 to 31 form part of these financial statements.

The Swiss Laundry Limited

Consolidated Statement of Changes in Equity

Year ended 30 June 2018

	Called up share capital £	Share including the premium account £	Other reserves, fair value reserve £	Profit and loss account £	Total £
At 1 July 2016	100,000	599	3,706,419	3,940,530	7,747,548
Profit for the year				948,156	948,156
Other comprehensive income for the year:					
Reclassification to/(from) revaluation reserve (from)/to profit and loss account	—	—	1,936	(1,936)	—
Tax relating to components of other comprehensive income	11	—	33,438	—	33,438
Total comprehensive income for the year	—	—	35,374	946,220	981,594
Dividends paid and payable	12	—	—	(409,000)	(409,000)
Total investments by and distributions to owners	—	—	—	(409,000)	(409,000)
At 30 June 2017	100,000	599	3,741,793	4,477,750	8,320,142
Profit for the year				1,124,481	1,124,481
Other comprehensive income for the year:					
Reclassification to/(from) revaluation reserve (from)/to profit and loss account	—	—	(20,617)	20,617	—
Tax relating to components of other comprehensive income	11	—	18,939	—	18,939
Total comprehensive income for the year	—	—	(1,678)	1,145,098	1,143,420

The consolidated statement of changes in equity
continues on the following page.
The notes on pages 17 to 31 form part of these financial statements.

The Swiss Laundry Limited

Consolidated Statement of Changes in Equity *(continued)*

Year ended 30 June 2018

	Called up share capital £	Share including the premium account £	Other reserves, fair value reserve £	Profit and loss account £	Total £
Dividends paid and payable	12 —	—	—	(209,000)	(209,000)
Total investments by and distributions to owners	—	—	—	(209,000)	(209,000)
At 30 June 2018	100,000	599	3,740,115	5,413,848	9,254,562

The notes on pages 17 to 31 form part of these financial statements.

The Swiss Laundry Limited

Company Statement of Changes in Equity

Year ended 30 June 2018

	Called up share capital £	Share including the premium account £	Other reserves, fair value reserve £	Profit and loss account £	Total £
At 1 July 2016	100,000	599	3,679,730	3,104,564	6,884,893
Profit for the year				841,791	841,791
Other comprehensive income for the year:					
Reclassification to/(from) revaluation reserve (from)/to profit and loss account	—	—	1,936	(1,936)	—
Tax relating to components of other comprehensive income	11	—	33,438	—	33,438
Total comprehensive income for the year	—	—	35,374	839,855	875,229
Dividends paid and payable	12	—	—	(409,000)	(409,000)
Total investments by and distributions to owners	—	—	—	(409,000)	(409,000)
At 30 June 2017	100,000	599	3,715,104	3,535,419	7,351,122
Profit for the year				1,037,047	1,037,047
Other comprehensive income for the year:					
Reclassification to/(from) revaluation reserve (from)/to profit and loss account	—	—	(20,617)	20,617	—
Tax relating to components of other comprehensive income	11	—	18,939	—	18,939
Total comprehensive income for the year	—	—	(1,678)	1,057,664	1,055,986

The company statement of changes in equity
continues on the following page.

The notes on pages 17 to 31 form part of these financial statements.

The Swiss Laundry Limited

Company Statement of Changes in Equity *(continued)*

Year ended 30 June 2018

	Called up share capital £	Share including the premium account £	Other reserves, fair value reserve £	Profit and loss account £	Total £
Dividends paid and payable	12 —	—	—	(209,000)	(209,000)
Total investments by and distributions to owners	—	—	—	(209,000)	(209,000)
At 30 June 2018	<u>100,000</u>	<u>599</u>	<u>3,713,426</u>	<u>4,384,083</u>	<u>8,198,108</u>

The notes on pages 17 to 31 form part of these financial statements.

The Swiss Laundry Limited

Consolidated Statement of Cash Flows

Year ended 30 June 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the financial year		1,124,481	948,156
<i>Adjustments for:</i>			
Depreciation of tangible assets		901,289	665,134
Other interest receivable and similar income		(7)	(18)
Interest payable and similar expenses		180,821	122,214
Gains on disposal of tangible assets		(8,358)	(167,274)
Tax on profit		287,233	194,986
<i>Changes in:</i>			
Stocks		(4,718)	(190,685)
Trade and other debtors		(854,033)	(324,964)
Trade and other creditors		18,588	472,738
Cash generated from operations		1,645,296	1,720,287
Interest paid		(180,821)	(122,214)
Interest received		7	18
Tax paid		(151,975)	(69,887)
Net cash from operating activities		<u>1,312,507</u>	<u>1,528,204</u>
Cash flows from investing activities			
Purchase of tangible assets		(4,350,604)	(1,520,132)
Proceeds from sale of tangible assets		8,416	196,650
Net cash used in investing activities		<u>(4,342,188)</u>	<u>(1,323,482)</u>
Cash flows from financing activities			
Repayments of borrowings		(452,524)	(169,713)
Proceeds from borrowings		3,425,000	1,200,000
Payments of finance lease liabilities		(377,177)	(172,937)
Dividends paid		(209,000)	(409,000)
Net cash from financing activities		<u>2,386,299</u>	<u>448,350</u>
Net (decrease)/increase in cash and cash equivalents		(643,382)	653,072
Cash and cash equivalents at beginning of year		731,961	78,889
Cash and cash equivalents at end of year	18	<u>88,579</u>	<u>731,961</u>

The notes on pages 17 to 31 form part of these financial statements.

The Swiss Laundry Limited

Notes to the Financial Statements

Year ended 30 June 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Laundry, Cherry Hinton Road, Cambridge, CB1 7BY.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Grants

Grants relating to fixed asset investments in subsidiary undertakings included within the individual company balance sheet of The Swiss Laundry Limited have been deducted from the cost of the investment. This is not in accordance with the Companies Act 2006 ("the Act"), which requires fixed asset investments to be shown at their purchase price and hence grants to be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary to show a true and fair view. Although a provision may be made for depreciation on a tangible fixed asset, this fixed asset investment does not have a determinable finite life and therefore no basis exists on which to recognise grants as deferred income. The effect of this departure is that the cost of the fixed asset investments is £100,875 (2017 £100,875) lower than it would otherwise have been.

In the consolidated accounts goodwill has been calculated based upon the net cost of the investment after taking into account the reduction in carrying value due to grants.

Disclosure exemptions

There are no disclosure exemptions available under FRS 102.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

The Swiss Laundry Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

There are no judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation. Depreciation is charged over the estimated useful life of the asset to its estimated value.

The recoverability of trade debtors is considered on a regular basis. When calculating the debtors provision the directors consider the age of the debt and the financial position of the customer.

Revenue recognition

The turnover shown in the profit and loss account represents products sold and services performed during the year, exclusive of Value Added Tax. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Investment properties

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

The Swiss Laundry Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Purchased Goodwill - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

The Swiss Laundry Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% to 15% Straight Line (Land is not depreciated)
Leasehold Property	-	2% Straight Line (Leasehold land is depreciated over 140 years)
Plant and Machinery	-	4% to 33.33% Straight Line
Fixtures and Fittings	-	4% to 33.33% Straight Line
Motor Vehicles	-	20% Straight Line

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based upon purchase price. Raw materials include linen and garments bought for hire to customers. The value of these hire stocks represents the residual cost of items still in use, the cost being written off over their expected serviceable life.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in statement of comprehensive income immediately.

All equity instruments of significance are assessed individually for impairment.

Any reversals of impairment are recognised in the statement of comprehensive income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

3. Accounting policies (continued)

Defined contribution plans

The company operates defined contribution schemes for employees. The assets of the schemes are held separately from those of the company.

The company also makes payments into personal pension plans for employees.

For both plans the annual contributions payable are charged to the profit and loss account.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	8,155	9,291
Rendering of services	12,104,312	10,771,605
	<u>12,112,467</u>	<u>10,780,896</u>

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

5. Other operating income

	2018	2017
	£	£
Property Income	71,719	33,220
Other	164,227	159,562
	<u>235,946</u>	<u>192,782</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018	2017
	£	£
Depreciation of tangible assets	901,292	665,134
Gains on disposal of tangible assets	(8,358)	(167,274)
Impairment of trade debtors	1,747	33,481
Foreign exchange differences	1,812	982
Operating lease costs	<u>247,895</u>	<u>206,323</u>

7. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>18,000</u>	<u>18,000</u>

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

8. Staff costs

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

	2018 No.	2017 No.
Production staff	210	191
Administrative staff	30	32
	<u>240</u>	<u>223</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018 £	2017 £
Wages and salaries	4,234,545	3,975,252
Social security costs	346,187	336,597
Pension costs	168,750	166,077
	<u>4,749,482</u>	<u>4,477,926</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018 £	2017 £
Remuneration	405,012	395,073
Company contributions to defined contribution pension plans	20,500	55,827
	<u>425,512</u>	<u>450,900</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018 No.	2017 No.
Defined contribution plans	<u>5</u>	<u>5</u>

Remuneration of the highest paid director in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	143,209	148,035
Company contributions to defined contribution pension plans	—	9,600
	<u>143,209</u>	<u>157,635</u>

10. Interest payable and similar expenses

	2018 £	2017 £
Interest on obligations under finance leases and hire purchase contracts	<u>180,821</u>	<u>122,214</u>

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

11. Tax on profit

Major components of tax expense

	2018 £	2017 £
Current tax:		
UK current tax expense	260,846	151,733
Adjustments in respect of prior periods	242	(40,960)
Total current tax	<u>261,088</u>	<u>110,773</u>
Deferred tax:		
Origination and reversal of timing differences	22,088	79,126
Impact of change in tax rate	–	(5,925)
Adjustments in respect of prior periods	4,057	11,012
Total deferred tax	<u>26,145</u>	<u>84,213</u>
Tax on profit	<u>287,233</u>	<u>194,986</u>

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(18,939) (2017: £(33,438)).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>1,411,714</u>	<u>1,143,142</u>
Profit on ordinary activities by rate of tax	268,225	217,197
Adjustment to tax charge in respect of prior periods	4,300	(29,948)
Effect of expenses not deductible for tax purposes	14,708	8,420
Effect of different UK tax rates on some earnings	–	(683)
Tax on profit	<u>287,233</u>	<u>194,986</u>

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2018 £	2017 £
Dividends on equity shares	<u>209,000</u>	<u>409,000</u>

Dividends proposed after the year end and not recognised as a liability:

	2018 £	2017 £
Dividends on equity shares	<u>27,250</u>	<u>154,500</u>

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

12. Dividends (continued)

The dividends paid to the directors were £209,000 (2017: £409,000).

13. Intangible assets

Group	Goodwill £
Cost	
At 1 July 2017 and 30 June 2018	<u>143,278</u>
Amortisation	
At 1 July 2017 and 30 June 2018	<u>143,278</u>
Carrying amount	
At 1 July 2017 and 30 June 2018	<u>—</u>
At 30 June 2017	<u>—</u>

The company has no intangible assets.

14. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2017	8,831,841	8,036,918	361,111	56,876	17,286,746
Additions	4,213,105	155,529	115,173	75,442	4,559,249
Disposals	—	(345,345)	(26,207)	(13,895)	(385,447)
At 30 June 2018	<u>13,044,946</u>	<u>7,847,102</u>	<u>450,077</u>	<u>118,423</u>	<u>21,460,548</u>
Depreciation					
At 1 July 2017	197,838	3,879,474	245,181	53,114	4,375,607
Charge for the year	106,642	726,595	49,550	18,502	901,289
Disposals	—	(345,286)	(26,207)	(13,896)	(385,389)
At 30 June 2018	<u>304,480</u>	<u>4,260,783</u>	<u>268,524</u>	<u>57,720</u>	<u>4,891,507</u>
Carrying amount					
At 30 June 2018	<u>12,740,466</u>	<u>3,586,319</u>	<u>181,553</u>	<u>60,703</u>	<u>16,569,041</u>
At 30 June 2017	<u>8,634,003</u>	<u>4,157,444</u>	<u>115,930</u>	<u>3,762</u>	<u>12,911,139</u>

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

14. Tangible assets (continued)

Company	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 July 2017	8,029,139	2,268,304	16,627	10,314,070
Additions	4,213,105	120,341	22,750	4,356,196
Disposals	—	(156,845)	—	(156,845)
At 30 June 2018	12,242,244	2,231,800	39,377	14,513,421
Depreciation				
At 1 July 2017	45,000	1,828,334	16,627	1,889,961
Charge for the year	27,560	137,351	6,453	171,364
Disposals	—	(156,786)	—	(156,786)
At 30 June 2018	72,560	1,808,899	23,080	1,904,539
Carrying amount				
At 30 June 2018	12,169,684	422,901	16,297	12,608,882
At 30 June 2017	7,984,139	439,970	—	8,424,109

Analysis of land and buildings

Group

The net book value of the group land and buildings is made up of the following:

	2018 £	2017 £
Freehold Property	3,407,773	3,495,452
Investment Property	5,138,551	5,138,551
Leasehold Property	4,194,142	—
	12,740,466	8,634,003

Company

The net book value of the company land and buildings is made up of the following:

	2018 £	2017 £
Freehold Property	2,836,991	2,845,588
Investment Property	5,138,551	5,138,551
Leasehold Property	4,194,142	—
	12,169,684	7,984,139

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

14. Tangible assets (continued)

Tangible assets held at valuation

Investment properties are included within the accounts at open market values based upon directors estimates.

Freehold property costs includes one site at £1.25m which is at open market value based on a valuation in 2013 by Brown & Co. This is the deemed cost under FRS 102.

In respect of tangible assets held at valuation, aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group and company	Freehold property £
At 30 June 2018	
Aggregate cost	2,609,149
Aggregate depreciation	(110,936)
Carrying value	2,498,213
At 30 June 2017	
Aggregate cost	2,597,689
Aggregate depreciation	(110,936)
Carrying value	2,486,753

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
At 30 June 2018	312,802	3,165,205	44,193	38,979	3,561,179
At 30 June 2017	387,190	3,527,348	57,368	—	3,971,906

Company	Plant and machinery £	Motor vehicles £	Total £
At 30 June 2018	91,195	9,515	100,710
At 30 June 2017	—	—	—

The Swiss Laundry Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

14. Tangible assets *(continued)*

Capital commitments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Contracted for but not provided for in the financial statements	<u>—</u>	<u>40,000</u>	<u>—</u>	<u>40,000</u>

15. Investments

The group has no investments.

Company

Shares in
group
undertakings
£

Cost	
At 1 July 2017 and 30 June 2018	<u>870,701</u>
Impairment	
At 1 July 2017 and 30 June 2018	<u>—</u>
Carrying amount	
At 1 July 2017 and 30 June 2018	<u>870,701</u>
At 30 June 2017	<u>870,701</u>

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Swiss Linen Hire Services Limited (Dormant)	Ordinary	100
Scotsdale Laundry (Cambridge) Limited (Dormant)	Ordinary	100
Camplings Limited	Ordinary	100

16. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	<u>671,777</u>	<u>667,059</u>	<u>201,461</u>	<u>281,392</u>

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

17. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	2,181,680	1,646,553	709,204	514,265
Amounts owed by group undertakings	—	—	1,187,824	1,520,559
Prepayments and accrued income	284,935	402,653	123,801	174,280
Other debtors	439,348	2,724	628,836	2,724
	<u>2,905,963</u>	<u>2,051,930</u>	<u>2,649,665</u>	<u>2,211,828</u>

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2018	2017
	£	£
Cash at bank and in hand	574,267	731,961
Bank overdrafts	(485,688)	—
	<u>88,579</u>	<u>731,961</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	1,563,783	442,495	1,563,783	442,495
Trade creditors	1,567,908	1,217,112	442,281	357,825
Amounts owed to group undertakings	—	—	3,364	3,364
Accruals and deferred income	508,574	538,967	203,690	218,953
Corporation tax	260,846	151,733	50,574	54,658
Social security and other taxes	145,780	472,964	67,412	192,595
Obligations under finance leases and hire purchase contracts	391,260	369,908	21,069	—
Director loan accounts	109,705	150,530	109,705	150,530
Other creditors	48,868	23,502	48,693	20,458
	<u>4,596,724</u>	<u>3,367,211</u>	<u>2,510,571</u>	<u>1,440,878</u>

The bank loans and overdrafts are secured by fixed charges over certain items of the group's plant, freehold and investment properties.

Obligations under finance leases and hire purchase agreements are secured on the individual assets concerned.

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	5,110,932	2,733,231	5,110,932	2,733,231
Obligations under finance leases and hire purchase contracts	1,114,953	1,304,837	71,376	—
	<u>6,225,885</u>	<u>4,038,068</u>	<u>5,182,308</u>	<u>2,733,231</u>

The bank loans are secured by fixed charges over certain items of the group's plant, freehold and investment properties.

Obligations under finance leases and hire purchase agreements are secured on the individual assets concerned.

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	391,260	369,907	21,069	—
Later than 1 year and not later than 5 years	1,114,953	1,304,838	71,376	—
	<u>1,506,213</u>	<u>1,674,745</u>	<u>92,445</u>	<u>—</u>

22. Provisions

Group	Deferred tax (note 23) £
At 1 July 2017	636,671
Additions	7,206
At 30 June 2018	<u>643,877</u>
Company	Deferred tax (note 23) £
At 1 July 2017	426,245
Additions	16,287
At 30 June 2018	<u>442,532</u>

The Swiss Laundry Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2018

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Included in provisions (note 22)	<u>643,877</u>	<u>636,671</u>	<u>442,532</u>	<u>426,245</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Accelerated capital allowances	259,386	233,241	58,041	22,815
Fair value adjustment of investment property	<u>384,491</u>	<u>403,430</u>	<u>384,491</u>	<u>403,430</u>
	<u>643,877</u>	<u>636,671</u>	<u>442,532</u>	<u>426,245</u>

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £168,750 (2017: £166,077).

25. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>2,755,947</u>	<u>2,378,514</u>

Financial liabilities measured at amortised cost

	Group	
	2018	2017
	£	£
Financial liabilities measured at amortised cost	<u>9,858,541</u>	<u>6,218,113</u>

Financial assets measured at amortised cost comprise cash at bank and in hand and trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans, obligations under finance leases and hire purchase contracts.

The Swiss Laundry Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

26. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

27. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Other reserves - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

28. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	229,029	305,883	65,503	102,602
Later than 1 year and not later than 5 years	204,853	369,555	29,292	120,770
Later than 5 years	<u>55,333</u>	<u>59,350</u>	<u>—</u>	<u>17</u>
	<u>489,215</u>	<u>734,788</u>	<u>94,795</u>	<u>223,389</u>

29. Directors' advances, credits and guarantees

There are no advances, credits and guarantees.

30. Related party transactions

Company

The company and group was under the control of Mrs M S Turvill-Smith throughout the current and previous year.

The company operated current accounts for the directors during the year. Details of balances due from the company to the directors are £109,705 (2017: £150,530).

Key management personnel are considered to be the directors and details of remuneration is shown in note 9.