

Zip Textiles (Services) Limited  
Registered No: 02232060

Directors' Report and Financial Statements  
For the period ended 31 December 2016

TUESDAY



\*A661JV2B\*

A21

09/05/2017

#17

COMPANIES HOUSE

**Zip Textiles (Services) Limited**  
**Directors' Report and Financial Statements**  
For the period ended 31 December 2016

<b>CONTENTS</b>	<b>Page</b>
Directors and Professional Advisors	1
Strategic Report	2
Directors' Report	3
Independent Auditors' Report to the Members of Zip Textiles (Services) Limited	5
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Statement of Significant Accounting Policies	11
Notes to the Financial Statements	16

# Zip Textiles (Services) Limited

## Directors and Professional Advisors

### **DIRECTORS**

C Sander  
Y M Monaghan  
D J Bower  
R W Clark  
J Storan

### **COMPANY SECRETARY**

D J Bower

### **REGISTERED OFFICE**

Redfern Park Way  
Tyseley  
Birmingham  
B11 2BF

### **BANKERS**

Lloyds Bank plc  
40 Spring Gardens  
Manchester  
M2 1EN

### **LAWYERS**

Hill Dickinson LLP  
No1 St Paul's Square  
Liverpool  
L3 9SJ

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

# Zip Textiles (Services) Limited

## Strategic Report

For the period ended 31 December 2016

The Directors present their Strategic Report on the affairs of the Company, together with the audited financial statements for the eleven months ended 31 December 2016 (the "Period").

### ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company was the provision of laundering and linen hire services to the restaurant, hospitality and catering sectors.

On 31 January 2016 the Company was acquired by Johnson Service Group PLC.

On 1 July 2016 the Company sold its trade and assets to Johnsons Apparelmaster Limited, a fellow subsidiary of Johnson Service Group PLC for £14,141,000, resulting in a profit on disposal of £10,578,000. From that date the Company ceased trading.

### RESULTS AND KEY PERFORMANCE INDICATORS ('KPIs')

The Board monitors the performance and results of the Company against its strategy using the KPIs set out below. These KPIs have been selected as they are considered appropriate to measure the progress of the business towards achieving its strategy and objectives.

	Period ended 31 December 2016 £000	Year ended 31 January 2016 £000
Revenue (net of VAT)	2,904	5,945
Operating profit / (loss)	376	(1,823)
Profit / (loss) before taxation	10,935	(1,929)

Revenue during the period represents 5 months of trade as the Company ceased trading on 1 July 2016. The principal driver of profit is the disposal of trade and assets, creating a profit of £10,578,000.

Losses in the prior year primarily relate to costs associated with the acquisition by Johnson Service Group PLC and aligning the accounting policies with those of the Group.

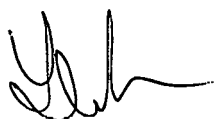
### FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

The Company ceased to trade on 1 July 2016 when its trade and assets were sold to Johnson Apparelmaster Limited, a fellow Group subsidiary. There is currently no intention for the Company to recommence trading. There are no events after the balance sheet date that require disclosure in these financial statements.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which the Company faces are consistent with those reported by the Parent Company, Johnson Service Group PLC. The principal risks and uncertainties, along with mitigating actions taken by the Company are set out on pages 16 to 19 of the Johnson Service Group PLC Annual Report and Accounts for the period ended 31 December 2016 which can be obtained from [www.jsq.com](http://www.jsq.com).

The Strategic Report has been approved and is signed on behalf of the board by:



Y M Monaghan  
Director  
28 April 2017

# Zip Textiles (Services) Limited

## Directors' Report

For the period ended 31 December 2016

The Directors present their report and audited financial statements for the eleven months ended 31 December 2016 (the "Period").

### RESULTS AND DIVIDENDS

The Company's revenue and profit / (loss) for the period / year were as follows:

	Period ended 31 December 2016 £000	Year ended 31 January 2016 £000
Revenue (net of VAT)	2,904	5,945
Operating profit / (loss)	376	(1,823)
Profit / (loss) before taxation	10,935	(1,929)

The Directors consider the financial position of the Company at 31 December 2016 to be satisfactory.

The Directors do not recommend the payment of a final dividend (Year to 31 January 2016: £nil).

The retained profit for the financial period is £10,870,000 (Year to 31 January 2016: loss of £1,712,000).

On 1 July 2016, the Company sold its trade and assets to Johnsons Apparelmaster Limited, a fellow subsidiary of Johnson Service Group PLC. From that date the Company ceased trading.

### DIRECTORS

The Directors of the Company at the date of this report are listed on page 1, all were appointed on 31 January 2016 and continued to serve up to the date of approving these financial statements.

### DIRECTORS' INDEMNITY

In accordance with the Articles of Association and to the extent permitted by the laws of England and Wales, the Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the Directors may not be indemnified, the Company maintained a qualifying directors' and officers' liability third party insurance policy throughout the financial period and up to the date of approval of these financial statements. Neither the indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently. No claim was made under this provision during the period.

### FINANCIAL RISK MANAGEMENT

The Company's principal asset is a receivable balance from its Parent Company Johnson Service Group PLC. This balance is non-interest bearing and is repayable on demand. The Company's principal risk relates to Johnson Service Group PLC's ability to repay this balance.

The policies set by the Parent Company are implemented by the Group Treasury function on behalf of the Company. Further details are shown on set out on page 17 of the Johnson Service Group PLC Annual Report and Accounts for the year ended 31 December 2016 which can be obtained from [www.jsq.com](http://www.jsq.com).

### ELECTIVE RESOLUTIONS

The Company has passed resolutions to dispense with the holding of Annual General Meetings, the laying of the report and financial statements before the Company and the obligation to appoint auditors annually.

### MATTERS DISCLOSED ELSEWHERE WITHIN THE FINANCIAL STATEMENTS

Required disclosures in relation to the business review and principal activities, the Company's key performance indicators, future developments and post balance sheet events and principal risks and uncertainties have been included within the Company's Strategic Report on page 2 of these financial statements.

# Zip Textiles (Services) Limited

## Directors' Report (continued)

For the period ended 31 December 2016

### INDEPENDENT AUDITORS

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The Board are satisfied with the independence, objectivity and effectiveness of the Auditors, and accordingly, confirm their reappointment.

### 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and
- explained in the financial statements
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for 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.

### Disclosure of information to auditors

Each of the Directors confirms that to the best of their knowledge:

(a) so far as he / she is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he / she has taken all the steps that he / she ought to have taken as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Y M Monaghan  
Director  
28 April 2017

Zip Textiles (Services) Limited  
Registered in England and Wales Number: 2232060

**Zip Textiles (Services) Limited**  
**Independent Auditors' Report to the Members of Zip Textiles**  
**(Services) Limited**  
For the period ended 31 December 2016

**Report on the financial statements**

**Our opinion**

In our opinion, Zip Textiles (Services) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the 11 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**What we have audited**

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of changes in Equity for the period then ended;
- the Statement of Significant Accounting Policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

**Zip Textiles (Services) Limited**  
**Independent Auditors' Report to the Members of Zip Textiles**  
**(Services) Limited (continued)**  
For the period ended 31 December 2016

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

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

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

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

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

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

**What an audit of financial statements involves**

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

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

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

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



Zip Textiles (Services) Limited  
Independent Auditors' Report to the Members of Zip Textiles  
(Services) Limited (continued)  
For the period ended 31 December 2016

**What an audit of financial statements involves (continued)**

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

*PricewaterhouseCoopers LLP*

Tom Binns (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
28 April 2017

Zip Textiles (Services) Limited  
Statement of Comprehensive Income  
For the period ended 31 December 2016

Note	Period ended 31 December 2016 £000	Year ended 31 January 2016 £000
<b>1 REVENUE</b>	<b>2,904</b>	<b>5,945</b>
Cost of sales	(1,707)	(5,345)
<b>GROSS PROFIT</b>	<b>1,197</b>	<b>600</b>
- Distribution costs	(517)	(562)
- Administrative expenses	(304)	(1,861)
	<b>(821)</b>	<b>(2,423)</b>
<b>2 OPERATING PROFIT / (LOSS)</b>	<b>376</b>	<b>(1,823)</b>
<b>14 Profit on disposal of trade and assets</b>	<b>10,593</b>	<b>-</b>
<b>5 Finance costs</b>	<b>(34)</b>	<b>(106)</b>
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>10,935</b>	<b>(1,929)</b>
<b>6 Tax on profit / (loss)</b>	<b>(65)</b>	<b>217</b>
<b>PROFIT / (LOSS) AND TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE FINANCIAL PERIOD / YEAR</b>	<b>10,870</b>	<b>(1,712)</b>

All of the principal activities of the Company are classified as discontinued.

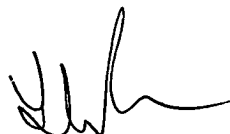
# Zip Textiles (Services) Limited

## Balance Sheet

As at 31 December 2016

Note	As at 31 December 2016 £000	As at 31 January 2016 £000
<b>FIXED ASSETS</b>		
7 Property, plant and equipment	-	6,578
	-	6,578
<b>CURRENT ASSETS</b>		
8 Inventories	-	416
9 Trade and other receivables	14,141	812
Cash and cash equivalents	-	1,017
	14,141	2,245
<b>CURRENT LIABILITIES</b>		
10 Trade and other payables	-	1,117
11 Borrowings	-	1,865
12 Other liabilities	-	782
	-	3,764
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<b>14,141</b>	<b>(1,519)</b>
<b>NON-CURRENT LIABILITIES</b>		
11 Borrowings	-	1,721
13 Deferred income tax liabilities	-	67
	-	1,788
<b>NET ASSETS</b>	<b>14,141</b>	<b>3,271</b>
<b>CAPITAL AND RESERVES</b>		
16 Called up share capital	1	1
17 Share premium account	30	30
Retained earnings	14,110	3,240
<b>TOTAL EQUITY</b>	<b>14,141</b>	<b>3,271</b>

The notes on pages 16 to 23 are an integral part of these financial statements. The financial statements on pages 8 to 23 were approved by the Board of Directors on 28 April 2017 and signed on its behalf by:



Y M Monaghan  
Director

Zip Textiles (Services) Limited  
Registered Number: 0223206

Zip Textiles (Services) Limited  
Statement of Changes in Equity  
For the period ended 31 December 2016

	Called Up Share Capital £000	Share Premium Account £000	Retained Earnings £000	Total Equity £000
Balance at 1 February 2015	1	30	4,952	4,983
Loss and total comprehensive expense for the financial year	-	-	(1,712)	(1,712)
<b>Balance at 31 January 2016</b>	<b>1</b>	<b>30</b>	<b>3,240</b>	<b>3,271</b>
Balance at 1 February 2016	1	30	3,240	3,271
Profit and total comprehensive income for the financial period	-	-	10,870	10,870
<b>Balance at 31 December 2016</b>	<b>1</b>	<b>30</b>	<b>14,110</b>	<b>14,141</b>

# Zip Textiles (Services) Limited

## Statement of Significant Accounting Policies

For the period ended 31 December 2016

### **BASIS OF PREPARATION**

The principal activity of Zip Textiles (Services) Limited was the provision of laundering and linen hire services to the restaurant, hospitality and catering sectors. The Company is limited by shares, incorporated and domiciled in the UK. The Company's registered number is 02232060. The address of its registered office is Redfern Park Way, Tyseley, Birmingham, B11 2BF.

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

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 (the 'Act') as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared on a going concern basis, as the Directors confirm that they have reasonable expectation that the Company has adequate resources to continue in operational existence for a period of greater than 12 months from the date of approving these financial statements.

The Company is a qualifying entity for the purposes of FRS 101. Note 20 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 February 2015. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements. As the Company previously reported in accordance with IFRS as adopted by the European Union the transition to FRS 101 has had no impact on the amounts reported within the financial statements in the current or prior years. Therefore, no transition note has been included within these financial statements.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (Statement of cash flows)
  - 16 (statement of compliance with all IFRS), and
  - 111 (cash flow information)
- IAS 7, 'Statement of cash flows'
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- IFRS 7, 'Financial Instruments, Disclosures'
- The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'

# Zip Textiles (Services) Limited

## Statement of Significant Accounting Policies (continued)

For the period ended 31 December 2016

### **FORWARD LOOKING STATEMENTS**

The terms 'expect', 'should be', 'will be', 'is likely to' and similar expressions identify forward looking statements.

Although the Board believes that the expectations reflected in these forward looking statements are reasonable, such statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently expressed or implied in such forward looking statements.

Factors which may cause future outcomes to differ from those foreseen in forward looking statements include, but are not limited to: general economic conditions and business conditions in the Company's markets; exchange and interest rate fluctuations; customers' and clients' acceptance of its products and services; the actions of competitors; and legislative, fiscal and regulatory developments.

### **FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Figures within the financial statements are expressed in thousands (£'000).

### **REVENUE RECOGNITION**

Revenue represents the fair value of consideration received or receivable for the sale of goods and services supplied in the ordinary course of the Company's activities, and is stated exclusive of VAT and similar taxes, but inclusive of discounts and rebates and after eliminating sales within the Company. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below:

#### **Service Revenue**

Revenue is recognised on a per item basis for delivery of laundered textiles for hotels, restaurants and events.

Interest receivable on bank deposits and other items is included within finance income.

### **EMPLOYEE BENEFITS**

#### ***Pension costs***

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

#### ***Bonus plans***

The Company recognises an expense and a liability for bonuses based on the profit attributable to the Company as appropriate and other pre-determined performance criteria. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### **PROPERTY, PLANT AND EQUIPMENT**

Property plant and equipment is stated at cost, less depreciation which is calculated to write off these assets, by equal annual instalments, over their estimated useful lives. Cost includes expenditure which is directly attributable to the acquisition of the asset. The estimated life of plant and fixtures is two to fifteen years and of vehicles (included within plant and equipment) four to five years. Improvements to short leasehold properties are amortised over the shorter of the terms of the leases and their useful life. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Freehold and long leasehold buildings are depreciated over their estimated remaining useful life not exceeding 50 years commencing on date of purchase. Land is not depreciated. The Company has not adopted a policy of revaluation but the carrying amounts of freehold and long leasehold properties reflect previous valuations. In the event of impairment in property value the deficit below cost is charged to the Statement of Comprehensive Income.

# Zip Textiles (Services) Limited

## Statement of Significant Accounting Policies (continued)

For the period ended 31 December 2016

### **PROPERTY, PLANT AND EQUIPMENT (continued)**

The fitting out costs of new freehold or long leasehold industrial buildings are depreciated, in equal annual instalments, over their expected useful lives which range from ten to twenty five years from the date on which the assets are fully commissioned.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

No depreciation is provided for assets under the course of construction until they are completed and put in use as management intended.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

### **INVENTORIES**

Stocks of materials, stores and goods for resale are valued at the lower of cost and net realisable value excluding borrowing costs. Cost is stated on a first in, first out basis and comprises invoiced cost in respect of the purchase of finished goods and materials. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Provision is made for obsolete, defective and slow moving stock.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges of purchases of goods. Provision is made for obsolete, defective and slow moving stock.

Textile rental items which principally comprise towels and bed linen, are initially treated as inventories. Depreciation is calculated on a straight line basis over the estimated lives of the items in circulation, which is two to five years.

### **LEASED ASSETS**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable in respect of operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Where assets are financed by leasing or hire purchase arrangements which give rights approximating to ownership, the assets are treated as if they had been purchased outright and are capitalised at their fair value at the date of inception of the lease. The capital element of outstanding lease or hire purchase commitments is treated as a liability and disclosed as obligations under finance agreements within borrowings. Interest is allocated to the Statement of Comprehensive Income over the period of the lease or hire purchase agreement and represents a constant proportion of the outstanding commitment.

### **TRADE AND OTHER RECEIVABLES**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income within 'administrative expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the Statement of Comprehensive Income.

# Zip Textiles (Services) Limited

## Statement of Significant Accounting Policies (continued)

For the period ended 31 December 2016

### **TRADE AND OTHER RECEIVABLES (continued)**

Trade and other receivables, which have no fixed date of repayment, are classified as current assets unless the Company has provided confirmation that there is no intention for amounts to be called within the next 12 months, in which case they are presented as non-current assets. Where trade and other receivables are non-interest bearing, or interest bearing at off market rates, the effect of discounting the receivable is considered, based on the risk free rate of return over one year (being the earliest point at which the receivable would be called). Where the effect of discounting would not be material, the receivable is stated at its undiscounted amount and the difference between the undiscounted and discounted amount is disclosed in the notes to the financial statements.

### **FINANCIAL ASSETS**

#### ***Classification***

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise receivables and cash and cash equivalents in the Balance Sheet.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand.

### **TRADE AND OTHER PAYABLES**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are non-interest bearing.

Trade and other payables, which have no fixed date of payment, are classified as current liabilities unless the Company has received confirmation that there is no intention for amounts to be called within the next 12 months, in which case they are presented as non-current liabilities. Where trade and other payables are non-interest bearing, or interest bearing at off market rates, the effect of discounting the payable is considered, based on the risk free rate of return over one year (being the earliest point at which the payable would be called). Where the effect of discounting would not be material, the payable is stated at its undiscounted amount and the difference between the undiscounted and discounted amount is disclosed in the notes to the financial statements.

### **DEFERRED INCOME**

Government grants received in respect of capital expenditure are credited to deferred income. The grant is amortised over the expected useful life of the related assets on a straight line basis. The amortisation is recognised in the Statement of Comprehensive Income within 'cost of sales'.

### **TAXATION**

#### ***Current income tax***

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

#### ***Deferred income tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.



# Zip Textiles (Services) Limited

## Statement of Significant Accounting Policies (continued)

For the period ended 31 December 2016

### **BORROWINGS**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are amortised, as a finance cost, over the expected term of the facility, using the effective interest method. Borrowings are classified on the Balance Sheet as either current or non-current liabilities, dependent upon the maturity date of the loan.

### **DIVIDEND DISTRIBUTION**

Dividends to holders of equity instruments declared after the balance sheet date are not recognised as a liability as at the balance sheet date. Final dividend distributions to the Company's Shareholders are recognised in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders. Interim dividends are recognised when paid.

### **CALLED UP SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **SHARE PREMIUM ACCOUNT**

Amounts in excess of the nominal value of Ordinary shares issued are recognised in share premium, except where the Company was able to take relief under section 612 of the Companies Act 2006 from crediting share premium and instead transfer the net proceeds in excess of the nominal value to retained earnings.

### **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *(a) Income taxes*

The Company is subject to income taxes. Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### *(b) Recoverability of receivables*

Judgement is required in determining the recoverability of receivables. Management considers factors including the nature of the balance, the financial position of the Group entity with whom the balance is held, the ageing profile of receivables and historical experience. See note 9 for the net carrying amount of the receivables.

# Zip Textiles (Services) Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

### 1 REVENUE

The revenue and profit / (loss) before taxation are attributable to the one principal activity of the Company. All revenue is within the United Kingdom.

### 2 OPERATING PROFIT / (LOSS)

	Period to 31 December 2016 £000	Year to 31 January 2016 £000
Operating profit / (loss) is stated after charging / (crediting):		
Employee benefits expense	1,002	2,469
Depreciation of tangible fixed assets (note 7)		
- owned property, plant and equipment	114	1,980
- property, plant and equipment held under finance agreements	108	141
Amortisation of government grant (note 12)	(2)	(2)
Operating leases		
- plant and equipment	-	31
<b>Auditors' remuneration</b>		
Fees payable to the Company's auditors for the audit of the Company's financial statements	16	15

### 3 EMPLOYEE BENEFIT EXPENSE

	Period to 31 December 2016 £000	Year to 31 January 2016 £000
Staff costs during the period / year were as follows:		
Wages and salaries	933	2,311
Social security costs	64	148
Other pension costs	5	10
<b>Total</b>	<b>1,002</b>	<b>2,469</b>

The average monthly number of persons (including Directors) employed by the Company during the period / year was:

	Period to 31 December 2016 Number	Year to 31 January 2016 Number
Administration	8	8
Distribution	32	33
Production	110	117
<b>Total</b>	<b>150</b>	<b>158</b>

For the period to 31 December 2016, the average employee numbers relates to the period from 1 February 2016 to 30 June 2016. From 1 July 2016, the Company had no employees.

# Zip Textiles (Services) Limited

## Notes to the Financial Statements (continued)

For the period ended 31 December 2016

### 4 DIRECTORS' REMUNERATION

Key management personnel are represented by the Board of Directors. Two of the Directors received their emoluments from the Parent Company and the remaining Directors received their emoluments from fellow Group undertakings. The Directors received no remuneration for their services to the Company. Prior year emoluments are those received by Directors who resigned in the prior year:

	Period to 31 December 2016 £000	Year to 31 January 2016 £000
Aggregate emoluments (including employer's pension contributions but including bonuses earned and benefits in kind)	-	240

Retirement benefits are accruing to nil Directors under a defined contribution scheme during the period (Year to January 2016: nil).

### Highest Paid Director

	Period to 31 December 2016 £000	Year to 31 January 2016 £000
Aggregate emoluments (including employer's pension contributions but including bonuses earned and benefits in kind)	-	120

### 5 FINANCE COSTS

	Period to 31 December 2016 £000	Year to 31 January 2016 £000
Bank loans and overdrafts	-	24
Finance charges payable under finance leases and hire purchase contracts	33	82
Interest payable on loan from Parent Company	1	-
Finance cost	34	106

### 6 TAX ON PROFIT / (LOSS)

	Period to 31 December 2016 £000	Year to 31 January 2016 £000
<b>Current tax</b>		
UK corporation tax charge for the period / year at 20% (Year to 31 January 2016: 20.16%)	-	-
Current tax charge for the period / year	-	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	67	(189)
Change in deferred tax following change in tax rate	(2)	(27)
Deferred tax charge / (credit) for the period / year	65	(217)
Total charge / (credit) for taxation included in the Statement of Comprehensive Income	65	(217)

Zip Textiles (Services) Limited  
Notes to the Financial Statements (continued)  
For the period ended 31 December 2016

**6 TAX ON PROFIT / (LOSS) (continued)**

The tax charge for the period / year is lower (Year to 31 January 2016: tax credit is lower) than the standard rate of UK corporation tax. The differences are explained below:

	Period to 31 December 2016 £000	Year to 31 January 2016 £000
Profit / (loss) before taxation per the Statement of Comprehensive Income	10,935	(1,929)
Profit / (loss) before taxation multiplied by the standard rate of UK corporation tax of 20.00% (Year to 31 January 2016: 20.16%)	2,187	(390)
Factors affecting taxation charge / (credit) for the period / year:		
Depreciation in excess of capital allowances	-	140
Tax effect of expenses not deductible for tax purposes	4	6
Non-taxable profit on disposal of trade and assets	(2,119)	-
Changes in statutory tax rate	(7)	27
<b>Total tax charge / (credit) for the period / year</b>	<b>65</b>	<b>(217)</b>

The income tax expense for the period is based on the effective United Kingdom statutory rate of Corporation Tax for the period of 20% (Year to 31 January 2016: 20.16%).

Changes to the UK corporation tax rates were announced on 8 July 2015. These changes were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

A further change to reduce the rate from 1 April 2020 from 18% to 17% was announced on 16 March 2016. This change was substantively enacted as part of Finance Bill 2016 on 15 September 2016.

Deferred income taxes at the balance sheet date have been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised. Management has performed an assessment, for all material deferred income tax assets and liabilities, to determine the period over which the deferred income tax assets and liabilities are forecast to be realised, which has resulted in an average deferred income tax rate of 18.5% being used to measure all deferred tax balances as at 31 December 2016. The impact of the change in tax rates to 18.5% has been £2,000 credit to the Statement of Comprehensive Income.

Zip Textiles (Services) Limited  
Notes to the Financial Statements (continued)  
For the period ended 31 December 2016

**7 PROPERTY, PLANT AND EQUIPMENT**

	Freehold Property £000	Plant And Equipment £000	Total £000
<b>Cost</b>			
At 31 January 2015	4,291	3,579	7,870
Additions	253	2,604	2,857
At 31 January 2016	4,544	6,183	10,727
Additions	-	83	83
Disposals	(4,544)	(296)	(4,840)
Disposal of trade and assets	-	(5,970)	(5,970)
<b>At 31 December 2016</b>	-	-	-
<b>Accumulated depreciation and impairment</b>			
At 31 January 2015	161	1,867	2,028
Charged during the year	883	1,238	2,121
At 31 January 2016	1,044	3,105	4,149
Charged during the period	4	218	222
Disposals	(1,048)	(10)	(1,058)
Disposal of trade and assets	-	(3,313)	(3,313)
<b>At 31 December 2016</b>	-	-	-
<b>Carrying amount</b>			
At 31 January 2015	4,130	1,712	5,842
At 31 January 2016	3,500	3,078	6,578
<b>At 31 December 2016</b>	-	-	-

Depreciation is charged to cost of sales, distribution costs and administrative expenses in the Statement of Comprehensive Income.

The Company was acquired on 31 January 2016 by Johnson Service Group PLC. At the point of acquisition, the accounting policies of the Company were brought in line with those of Johnson Service Group PLC. The resulting cost was charged to accumulated depreciation and impairment in the Statement of Comprehensive Income.

The net carrying amount of assets held under finance leases included in plant and equipment is £nil (31 January 2016 £2,447,000).

**8 INVENTORIES**

	As at 31 December 2016 £000	As at 31 January 2016 £000
Linen Stock	-	416
	-	416

There was no provision held in either year for obsolete stock.

The cost of inventories recognised as an expense in the Statement of Comprehensive Income amounted to £211,000 (Year to 31 January 2016: £628,000).

Zip Textiles (Services) Limited  
Notes to the Financial Statements (continued)  
For the period ended 31 December 2016

**9 TRADE AND OTHER RECEIVABLES**

	As at 31 December 2016 £000	As at 31 January 2016 £000
Trade receivables	-	802
Amounts due from Group undertakings	14,141	-
Prepayments	-	10
<b>Total</b>	<b>14,141</b>	<b>812</b>

Amounts owed due from Group undertakings are unsecured, non-interest bearing and are repayable on demand.

Trade receivables are stated after provisions for impairment of £nil (31 January 2016: £140,000).

**10 TRADE AND OTHER PAYABLES**

	As at 31 December 2016 £000	As at 31 January 2016 £000
Trade payables	-	414
Other taxation and social security liabilities	-	164
Accruals	-	539
<b>Total</b>	<b>-</b>	<b>1,117</b>

**11 BORROWINGS**

	As at 31 December 2016 £000	As at 31 January 2016 £000
<b>CURRENT</b>		
Bank loans	-	1,583
Obligations under finance lease agreements	-	282
<b>Total</b>	<b>-</b>	<b>1,865</b>
<b>NON-CURRENT</b>		
Bank loans	-	-
Obligations under finance lease agreements	-	1,721
<b>Total</b>	<b>-</b>	<b>1,721</b>

# Zip Textiles (Services) Limited

## Notes to the Financial Statements (continued)

For the period ended 31 December 2016

### 11 BORROWINGS (continued)

#### Finance leases

The future minimum finance lease payments are as follows:

	As at 31 December 2016 £000	As at 31 January 2016 £000
Not later than one year	-	363
Later than one year and not later than five years	-	1,454
Later than five years	-	454
Total gross payments	-	2,271
Impact of finance charges	-	(268)
Carrying value of liability	-	2,003

Prior to the acquisition by Johnson Service Group PLC, bank loans and overdrafts are secured by debenture and first legal charge over the freehold premises at Redfern Parkway, Tyseley, Parkway. On 1 February 2016, the bank loan was repaid and as such, the legal charge was released.

Interest payable on bank loans, prior to repayment, is the prevailing bank base rate plus a margin of 1%.

### 12 OTHER LIABILITIES

	As at 31 December 2016 £000	As at 31 January 2016 £000
Opening balance	782	398
Grants received	-	386
Grants repaid	(465)	-
Amortisation	(2)	(2)
Disposal of trade and assets	(315)	-
Closing balance	-	782

In prior years, the Company has received a number of grants from Birmingham City Council in respect of development of its premises. The grants received have been amortised in line with the expenditure to which they relate in administrative expenses through the Statement of Comprehensive Income.

### 13 DEFERRED INCOME TAX LIABILITIES

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18.5% (31 January 2016: 19%).

	As at 31 December 2016 £000	As at 31 January 2016 £000
Recognised deferred income tax balances in respect of:		
Accelerated capital allowances	-	196
Losses carried forward	-	(129)
Total	-	67

Zip Textiles (Services) Limited  
Notes to the Financial Statements (continued)  
For the period ended 31 December 2016

**13 DEFERRED INCOME TAX LIABILITIES (continued)**

The following provides a reconciliation of the movement in each of the major deferred tax assets and liabilities:

	Accelerated capital allowances £000	Losses carried forward £000	Other short term timing differences £000	Total £000
At 31 January 2015	284	-	-	284
Credit to Statement of Comprehensive Income	(88)	(129)	-	217
At 31 January 2016	196	(129)	-	67
(Credit) / charge to Statement of Comprehensive Income	(118)	129	54	65
Disposal of trade and assets	(78)	-	(54)	(132)
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**14 PROFIT ON DISPOSAL OF TRADE AND ASSETS**

On 1 July 2016 the trade and assets of the business were sold to Johnsons Apparelmaster Limited, a fellow subsidiary of Johnson Service Group PLC. The net assets sold, consideration received and the resulting profit on disposal are shown in the table below.

	£000
<b>Assets and liabilities disposed of:</b>	
Property, plant and equipment	2,657
Inventories	697
Trade and other receivables	3,594
Cash	175
Trade and other payables	(1,245)
Other Liabilities	(315)
Borrowings	(1,885)
Deferred income tax liability	(132)
<b>Net assets disposed of</b>	<b>3,548</b>
Consideration	14,141
<b>Profit on disposal</b>	<b>10,593</b>

The consideration has been left outstanding as an intercompany balance.

**15 CONTINGENT LIABILITIES**

The Company has guaranteed the banking facilities of Johnson Service Group PLC and certain of its subsidiary undertakings under a cross guarantee arrangement. No losses are expected to result from this arrangement.



Zip Textiles (Services) Limited  
Notes to the Financial Statements (continued)  
For the period ended 31 December 2016

**16 CALLED UP SHARE CAPITAL**

		As at 31 December 2016 £000		As at 31 January 2016 £000
<b>Authorised</b>	<b>Shares</b>		<b>Shares</b>	
1,000 (31 January 2016:1,000)				
Ordinary shares of £1 each	<b>1,000</b>	<b>1</b>	<b>1,000</b>	<b>1</b>
<b>Issued and fully paid</b>	<b>Shares</b>		<b>Shares</b>	
Ordinary shares of £1 each	<b>1,000</b>	<b>1</b>	<b>1,000</b>	<b>1</b>

**17 SHARE PREMIUM ACCOUNT**

	As at 31 December 2016 £000	As at 31 January 2016 £000
Share premium account	<b>30</b>	<b>30</b>

**18 FINANCIAL COMMITMENTS**

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	As at 31 December 2016 £000	As at 31 January 2016 £000
Plant and Equipment		
- within one year	-	9
- between one and five years	-	14
<b>Total</b>	<b>-</b>	<b>23</b>

**19 RELATED PARTY TRANSACTIONS**

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

**20 ULTIMATE PARENT COMPANY**

The Company's immediate and ultimate parent undertaking, which is the parent undertaking of the smallest and largest group to consolidate these financial statements, and ultimate controlling party is Johnson Service Group PLC. Copies of the Parent's consolidated Financial Statements may be obtained from The Secretary, Johnson Service Group, Johnson House, Abbots Park, Monks Way, Preston Brook, Cheshire, WA7 3GH.