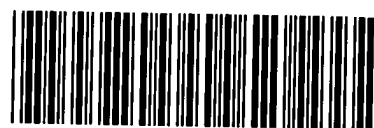


Zip Textiles (Services) Limited
Registered No: 02232060

Directors' Report and Financial Statements
For the year ended 31 December 2017

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Zip Textiles (Services) Limited
Directors' Report and Financial Statements
For the year ended 31 December 2017

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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
1 Hardman Square
Manchester
M3 3EB

Zip Textiles (Services) Limited

Strategic Report

For the year ended 31 December 2017

The Directors present their Strategic Report on the affairs of the Company, together with the audited financial statements for the year ended 31 December 2017. The prior period relates to the eleven months to 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 2017 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.

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Revenue (net of VAT)	-	2,904
Operating result / profit	-	376
Result / profit before taxation	-	10,935

Revenue during the prior 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.

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 18 to 21 of the Johnson Service Group PLC Annual Report and Accounts for the period ended 31 December 2017 which can be obtained from www.jsq.com.

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



Y M Monaghan
Director
26 April 2018

Zip Textiles (Services) Limited

Directors' Report

For the year ended 31 December 2017

The Directors present their report and audited financial statements for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

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

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Revenue (net of VAT)	-	2,904
Operating result / profit	-	376
Result / profit before taxation	-	10,935

The Directors consider the financial position of the Company at 31 December 2017 to be satisfactory.

The Directors recommended the payment of a final dividend of £100,516 (£10.561 per share) (Period to 31 December 2016: £nil).

The retained profit for the financial year is £100,516 (Period to 31 December 2016: £10,870,000).

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 year.

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 2017 which can be obtained from 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 year ended 31 December 2017

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 Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

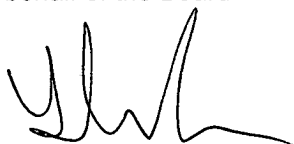
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

The Directors 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.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Y M Monaghan
Director
26 April 2018

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

Zip Textile (Services) Limited
Independent Auditors' Report to the Members of Zip Textile
(Services) Limited
For the year ended 31 December 2017

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2017; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; the Statement of Significant Accounting Policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Zip Textiles (Services) Limited
Independent Auditors' Report to the Members of Zip Textile
(Services) Limited (continued)
For the year ended 31 December 2017

Reporting on other information (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

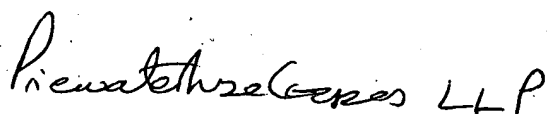
Zip Textiles (Services) Limited
Independent Auditors' Report to the Members of Zip Textile
(Services) Limited (continued)
For the year ended 31 December 2017
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over the printed name of the firm.

Graham Parsons (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
26 April 2018

Zip Textiles (Services) Limited
Statement of Comprehensive Income
For the year ended 31 December 2017

Note	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
1 REVENUE	-	2,904
Cost of sales	-	(1,707)
GROSS PROFIT	-	1,197
- Distribution costs	-	(517)
- Administrative expenses	-	(304)
	-	(821)
2 OPERATING RESULT / PROFIT	-	376
7 Profit on disposal of trade and assets	-	10,593
4 Finance costs	-	(34)
RESULT / PROFIT BEFORE TAXATION	-	10,935
5 Tax on result / profit	-	(65)
RESULT / PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR / PERIOD	-	10,870

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

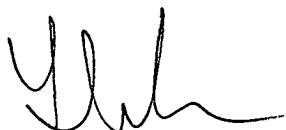
Zip Textiles (Services) Limited

Balance Sheet

As at 31 December 2017

Note		As at 31 December 2017 £000	As at 31 December 2016 £000
	CURRENT ASSETS		
6	Trade and other receivables	14,040	14,141
	NET ASSETS	14,040	14,141
	CAPITAL AND RESERVES		
9	Share capital	1	1
10	Share premium	30	30
	Retained earnings	14,009	14,110
	TOTAL EQUITY	14,040	14,141

The notes on pages 16 to 19 are an integral part of these financial statements. The financial statements on pages 8 to 19 were approved by the Board of Directors on 26 April 2018 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 year ended 31 December 2017

	Share Capital £000	Share Premium £000	Retained Earnings £000	Total Equity £000
Balance at 1 February 2016	1	30	4,952	4,983
Profit and total comprehensive income for the period	-	-	10,870	10,870
Balance at 31 December 2016	1	30	14,110	14,141
Balance at 1 January 2017	1	30	14,110	14,141
Dividend Paid	-	-	(101)	(101)
Balance at 31 December 2017	1	30	14,009	14,040

Zip Textiles (Services) Limited

Statement of Significant Accounting Policies

For the year ended 31 December 2017

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 12 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 year ended 31 December 2017

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 year ended 31 December 2017

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 year ended 31 December 2017

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 year ended 31 December 2017

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.

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

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.

JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

In the course of preparing these financial statements, no judgements have been made by the Company in the process of applying the Company's accounting policies.

SOURCES OF ESTIMATION AND UNCERTAINTY

Estimates and assumptions 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 6 for the net carrying amount of the receivables.

Zip Textiles (Services) Limited

Notes to the Financial Statements

For the year ended 31 December 2017

1 REVENUE

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

2 OPERATING RESULT / PROFIT

	Year to 31 December 2017 £000	Period to 31 December 2016 £000
Operating result / profit is stated after charging / (crediting):		
Employee benefits expense	-	1,002
Depreciation of tangible fixed assets		
- owned property, plant and equipment	-	114
- property, plant and equipment held under finance agreements	-	108
Amortisation of government grant	-	(2)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company's financial statements	-	16

3 EMPLOYEE BENEFIT EXPENSE

	Year to 31 December 2017 £000	Period to 31 December 2016 £000
Staff costs during the year / period were as follows:		
Wages and salaries	-	933
Social security costs	-	64
Other pension costs	-	5
Total	-	1,002

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

	Year to 31 December 2017 Number	Period to 31 December 2016 Number
Administration	-	8
Distribution	-	32
Production	-	110
Total	-	150

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 year ended 31 December 2017

4 FINANCE COSTS

	Year to 31 December 2017 £000	Period to 31 December 2016 £000
Finance charges payable under finance leases and hire purchase contracts	-	33
Interest payable on loan from Parent Company	-	1
Finance cost	-	34

5 TAXATION ON RESULT / PROFIT

	Year to 31 December 2017 £000	Period to 31 December 2016 £000
Current tax		
UK corporation tax charge for the year / period at 19.25% (Year to 31 December 2016: 20.00%)	-	-
Current tax charge for the year / period	-	-
Deferred tax		
Origination and reversal of temporary differences	-	67
Change in deferred tax following change in tax rate	-	(2)
Deferred tax charge for the year / period	-	65
Total charge for taxation included in the Statement of Comprehensive Income	-	65

The tax charge for the year is the same as (Period to 31 December 2016: tax charge is lower than) the standard rate of UK corporation tax. The differences are explained below:

	Year to 31 December 2017 £000	Period to 31 December 2016 £000
Result / profit before taxation per the Statement of Comprehensive Income	-	10,935
Result / profit before taxation multiplied by the standard rate of UK corporation tax of 19.25% (Period to 31 December 2016: 20.00%)	-	2,187
Factors affecting taxation charge for the year / period:		
Tax effect of expenses not deductible for tax purposes	-	4
Non-taxable profit on disposal of trade and assets	-	(2,119)
Changes in statutory tax rate	-	(7)
Total tax charge for the year / period	-	65

The income tax expense for the period is based on the standard United Kingdom statutory rate of Corporation Tax for the year of 19.25% (Period to 31 December 2016: 20.00%).

Zip Textiles (Services) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2017

6 TRADE AND OTHER RECEIVABLES

	As at 31 December 2017 £000	As at 31 December 2016 £000
Amounts due from Group undertakings	14,040	14,141
Total	14,040	14,141

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

7 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
Assets and liabilities disposed of:	
Property, plant and equipment	2,657
Inventories	697
Trade and other receivables	3,594
Cash	175
Trade and other payables	(1,243)
Other Liabilities	(315)
Borrowings	(1,885)
Deferred income tax liability	(132)
Net assets disposed of	3,548
Consideration	14,141
Profit on disposal	10,593

The consideration was left outstanding as an intercompany balance.

8 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.

9 SHARE CAPITAL

		As at 31 December 2017 £000		As at 31 December 2016 £000
Authorised	Shares		Shares	
1,000 (2016:1,000) Ordinary shares of £1 each	1,000	1	1,000	1
Issued and fully paid	Shares		Shares	
Ordinary shares of £1 each	1,000	1	1,000	1

Zip Textiles (Services) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2017

10 SHARE PREMIUM

	As at 31 December 2017 £000	As at 31 December 2016 £000
Share premium	30	30

11 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.

12 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.