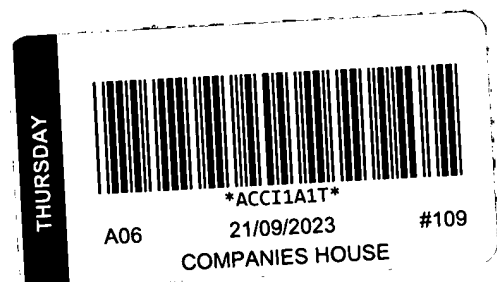


Elis UK Limited

Annual Report

Year ended 31 December 2022

Company Registration Number: 228604



Elis UK Limited

Strategic report

The Directors present their strategic report of the Company for the year ended 31 December 2022.

Principal activities

The Company is a market leading service provider to hotels and restaurants, healthcare, commercial and public sectors in connection with flat linen and workwear. The principal activity of the Company is the provision of linen and workwear services, garment supply and laundering services together with the supply of related products and services. The Company also provides sterile garments and consumables through its Cleanroom division.

Review of business and future developments

Revenues for the year ended 31 December 2022 amounted to £ million (2021: £254.0 million). The profit for the year ended 31 December 2022, after taxation, amounted to £35.8 million (2021: loss £70.4 million).

During the year, the Company has continued being one of the leading suppliers of goods and services in the industry in which it operates.

High operational costs, in particular energy costs, weighed on the profitability of the Company. However in spite of this, as a result of a price increase as well as higher volumes and business returning to more normal levels in the current year, the Company reported an operating profit of £15.8 million (2021: loss of £0.2 million).

During the year, the Company received dividends from subsidiaries of £28.1 million (2021: £nil). These subsidiaries had ceased to trade and were struck off after the year end. Following receipt of the dividends and the resulting reduction in net assets, the investment in one of the subsidiaries was impaired, by £8.7 million (2021: £0.2 million).

Profit before finance costs was therefore £35.2 million (2021: loss of £66.1 million); the prior year loss being compounded by impairments of intercompany loans and goodwill totalling £65.7 million.

Below are the KPI's of the Company:

KPI		2022	2021
Quantity - flat linen	Tonn	230,576	187,532
Quantity - garments	Units	77,023,748	76,010,000
Total productive hours worked	Hrs	5,072,746	4,390,186
Purchase orders	Units	53,567	41,645
Full time equivalent number of employees		5,258	4,933
Operating Margin	%	5%	0%

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are the operation of the contracts as well as the exposure to public sector markets with strong budget pressures. Cost and availability of Textile is a key risk and is managed via the Elis Group's procurement function. Further information on risks and the way the Company manages those risks is included in the Directors' report.

Section 172 reporting

The Directors comply with the general duty under section 172 of the Companies Act 2006 to act in a way that the Directors consider, in good faith, would be most likely to promote the success of the Company for the benefit of the shareholders as a whole and having regard to the likely consequences of decisions in the long term, the interests of employees, the need to foster business relationships with suppliers, customers and others, the impact of the operations on the community and the environment and the desirability of maintaining a reputation of high standards of business conduct.

Risk management

During the year the Directors were careful to balance short term as well as long term decisions in such way to enhance the interest of the Company, shareholders, its employees, customers and suppliers. Risk is further managed through regular reviews of plants and their financial results and deviations to budgets.

Elis UK Limited

Strategic report (continued)

Environment

The Company is a responsible corporate citizen and pays particular attention to its impact on the environment and the community. Several energy and water savings projects have been implemented and the Company continuously looks for further improvements that are both good for the Company and the environment. The Company is also embracing the objective to reduce our carbon footprint and is working with the NHS on their objective to be net zero by 2040.

Energy and Carbon reporting:

The Directors wish to report the Energy Consumption and Emissions as follows.

	2022	2021
Energy consumption used to calculate emissions (kWh)	Electricity - 41,221,350 Gas - 303,812,994	Electricity - 37,782,056 Gas - 286,690,812
i) Emissions from combustion of gas (Scope 1, location based) (tCO ₂ e)	55,646	52,510
ii) Emissions from combustion of vehicle fuels (Scope 1) (tCO ₂ e)	14,945	6,944
iii) Emissions from purchased electricity (Scope 2, location based) (tCO ₂ e)	7,971	8,022
iv) Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing fuel (Scope 3) (tCO ₂ e)	776	566
Total gross CO₂e based on above (tCO₂e)	79,338	68,042
v) Intensity ratio: tCO ₂ e gross figure based on mandatory fields (tCO ₂ e/tonnes of production)	0.292	0.301
Methodology:		
i) Emissions from combustion of gas tCO ₂ e (Scope 1)	tCO ₂ e calculated from the invoiced gas consumption in kWh during the reporting period converted using the 2021 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas' at Gross CV.	
ii) Emissions from combustion of vehicle fuels (Scope 1) (tCO ₂ e)	CO ₂ e values calculated using mileage and litre data at the individual vehicle level, converted using UKGov (2021) conversion values, following allocation of Scope 3 vehicle emissions, with the remainder categorised as Scope 1. The values were multiplied by 1,000 in order to convert from KgCO ₂ e to tonnesCO ₂ e	
iii) Emissions from purchased electricity tCO ₂ e (Scope 2, location based)	tCO ₂ e calculated from the product of the above stated electricity consumption in kWh during the reporting period and the 2021 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'	
iv) Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing fuel tCO ₂ e (Scope 3)	tCO ₂ e provided by Elis UK, Scope 3 vehicle categories were: Elis Co Car BIK Opt Out, Elis Co Car Fuel Card and Elis Co Car Fully Expensed Fuel Card	
v) Intensity ratio: tCO ₂ e gross figure based on mandatory fields	The intensity ratio stated above has been calculated as tonnes of CO ₂ e per tonnes of production (268,667 tonnes in 2022)	

The Company continues to implement measures that reduce the carbon emissions as well as reduce costs. The Company is considering installing solar panels as one of the initiatives.

Employees

We acknowledge that our employees are essential to the business and we are implementing programmes to ensure retention. We have respect for our employees, and their safety is of paramount importance to us. We have several programmes in place that look after employees' emotional, as well as physical, safety and wellbeing.

Ells UK Limited

Strategic report (continued)

Business relationships

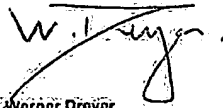
We aim to maintain a high standard of reputation in the market and conduct all our business with integrity. The Directors emphasise the importance of developing longstanding, strong business relationships with suppliers, finance entities and other external stakeholders.

Shareholders

The Directors aim to make business decisions with regard to the long-term growth of the business so that the shareholders can be assured the business is always pursuing sustainable competitive advantage and a clear direction.

The Company continuously invests in capital projects and process productivity initiatives, in order to improve its energy consumption and emissions.

On behalf of the board



Werner Dreyer
Director
8 September 2023

Elis UK Limited

Directors' report

The Directors present their annual report and audited financial statements of the Company for the year ended 31 December 2022.

Dividends

The Directors do not recommend the payment of a dividend (2021: £nil).

Directors

The Directors who served during the year and to the date of signing were as follows:

Werner Dreyer

Mark Franklin

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. Directors' and Officers' liability insurance was also purchased and maintained throughout the financial year by the parent company in respect of the Company and its Directors.

Employees

Applications for employment of disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. During the year, the policy of providing employees with information about the Company has continued. We maintain ongoing dialogue with our employees and listen to their concerns and needs. Communication takes place through various committees which meet regularly and exchange information about the Company. Schemes have been implemented to ensure that employees are properly rewarded for performance and loyalty.

Corporate governance arrangements

The Company is part of the Elis S.A. group of companies (the "Group"). As a subsidiary of an international group headquartered in Paris, the Company applies the principles of governance required by the Group. For the year ended 31 December 2022 it did not, therefore, apply a specific corporate governance code.

Elis S.A. is listed on the Paris stock exchange. It operates in accordance with the applicable rules for listed companies. The Group has an executive committee, which is subject to oversight by a supervisory board.

The Company has its own executive committee which provides leadership of the Company, enabling risk to be assessed and managed. The executive committee is responsible for the development of the Company's strategy and sets the Company's objectives in consultation with the Group. The executive committee ensures the necessary financial and human resources are in place for the Company to meet its objectives and reviews Company performance on an ongoing basis throughout the year. The executive committee is also responsible for upholding the Group's values and Code of Ethics.

The Company's executive committee is led by the CEO, who is also a Director of the Company and reports directly to a member of the Elis Group's executive committee.

Customers, suppliers and other stakeholders

During the year, Elis continued to build strong relationships with customers by working in a collaborative way in order to solve customers' needs.

Strong business relationships with existing suppliers and other stakeholders have been encouraged through the year as well as entering into new contract agreements in order to take advantage of the provision of consolidated services and continue promoting the utilisation of economies of scale.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, and interest rate risk. Elis SA, of which the Company is a subsidiary, has in place a risk management program that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The most significant risks are set out as follows:

Credit risk

The Company, where appropriate, has implemented policies that require appropriate credit checks on potential customers before sales are made.

Interest rate cash flow risk

The Company has interest bearing liabilities. Where possible, the Company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows or where this is not possible, minimizing the incremental rate charged over the bank base rate on non-fixed rate debt borrowings. The Directors will revisit the appropriateness of this policy should the Company's operations change in size or nature in response to changes in the economic environment.

Foreign exchange risk

The Company forecasts its expected expenditure in foreign currencies for the year, and engages in foreign exchange deals in order to minimise the impact of the volatility of the currency exchange.

Commodities Risk

To mitigate the effect of price volatility for gas and electricity, the Company enters into fixed-price contracts with its energy suppliers where appropriate. As at 31 December 2022, the Company has agreed on fixed prices for circa 94% of its energy use for 2023. The Company has also agreed with its suppliers on fixed prices for circa 52% for 2024 and 18% for 2025 of the future energy needs.

Going concern statement

The Directors have considered the consequences of trading events and conditions it can predict now and in the future, and have determined that they do not create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.

The Directors have carried out an assessment of the Company's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. The assessment has involved a review of forecasts which reflect the impact of the 12 months of trading after the date of signing the financial statements and consider it appropriate for the 2022 financial statements to be prepared on a going concern basis.

Further details regarding the preparation of financial statements on a going concern basis can be found in note 1 of the financial statements.

Elis UK Limited

Directors' report (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

Political donations

The Company made no political contributions during the year (2021 - £nil).

Future developments

The Company continues applying an investment plan to further develop its infrastructure and personnel at the same time of pursuing an acquisition program to further expand its operations.

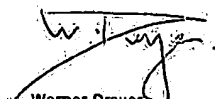
Disclosure of information to the auditor

Each Director who held the office at the date of approval of this Directors' report has taken all the steps that he ought to have taken as a Director in order to make himself aware, as a Director, of any relevant audit information and to establish that the auditor is aware of that information. As far as the Directors are aware, there is no relevant audit information of which the auditor is unaware.

Independent auditors

The auditors, Mazars LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

This report was approved by the board on 8 September 2023 and signed on its behalf by:



Werner Dreyer
Director

Elis UK Limited

Independent auditor's report to the Members of Elis UK Limited

Opinion

We have audited the financial statements of Elis UK Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and Notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- o give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- o have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- o have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Strategic report and the Directors' report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- o adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- o the financial statements are not in agreement with the accounting records and returns; or
- o certain disclosures of Directors' remuneration specified by law are not made; or
- o we have not received all the information and explanations we require for our audit.
- o the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a Strategic report.

Elis UK Limited

Independent auditor's report (continued) to the Members of Elis UK Limited

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect of non-compliance, our procedures included, but were not limited to:

- o Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- o Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- o Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- o Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- o Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- o Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- o Discussing amongst the engagement team the risks of fraud; and
- o Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Elis UK Limited

Independent auditor's report (continued)
to the Members of Elis UK Limited

Independent auditor's report (continued)

Use of the audit report

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



David Herbinet (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
United Kingdom

14 September 2023

Elis UK Limited

Statement of Comprehensive Income
for the year ended 31 December 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Notes	£m	£m
Revenue	2	317.2	254.0
Cost of Sales		(202.5)	(167.9)
Gross profit		114.7	86.1
Distribution expenses		(65.2)	(53.1)
Administrative expenses		(32.5)	(32.5)
Other operating items	6	(1.2)	(0.7)
Operating profit/(loss)	3	15.8	(0.2)
Dividend income from subsidiaries	14	28.1	-
Impairment of fixed asset investments	14	(8.7)	(0.2)
Impairment of intercompany loans		-	(62.2)
Impairment of goodwill		-	(3.5)
Profit/(loss) before net finance cost and taxation		35.2	(66.1)
Finance income	7	0.3	0.2
Finance costs	8	(3.9)	(6.4)
Profit/(loss) before taxation		31.6	(72.3)
Taxation	9	4.2	1.9
Profit/(loss) for the year		35.8	(70.4)
<i>Other comprehensive income</i>			
<i>Items that will or may be classified to profit and loss:</i>			
Cash flow hedge - change in fair value		(1.6)	0.3
Total comprehensive profit/(loss) for the year		34.2	(70.1)

The Notes on pages 12 to 22 form part of the financial statements


Elis UK Limited

Balance Sheet
As at 31 December 2022

	Note	2022 £m	2021 £m
Assets			
Fixed assets			
Intangible assets	11	6.9	4.8
Property, plant and equipment	12	194.7	191.3
Right of use assets	13	45.1	47.1
Investments	14	2.7	17.2
		<u>249.4</u>	<u>260.4</u>
Current assets			
Inventories	15	17.0	12.0
Debtors and other assets	16	101.6	82.1
Cash and cash equivalents		6.2	3.9
		<u>124.7</u>	<u>98.0</u>
Current liabilities			
Amounts falling due within one year	18	(87.2)	(241.8)
Net current assets/(liabilities)		37.6	(143.8)
Creditors: amounts falling due after more than one year	19	(47.3)	(50.4)
Net assets		<u>239.6</u>	<u>66.2</u>
Equity			
Share capital	20	3.6	3.6
Share premium		143.8	..
Capital contribution reserve		93.3	93.3
Other reserves		(1.0)	0.6
Retained losses		(0.1)	(31.3)
Total shareholder's funds		<u>239.6</u>	<u>66.2</u>

The Notes on pages 12 to 22 form part of the financial statements

The financial statements of Elis UK Limited (registered number: 228604) were approved and authorised for issue by the Board of Directors on 8 September 2023. They were signed on its behalf by:


Werner Dreyer
Director

Elis UK Limited

Statement of Changes in Equity

	Note	Share capital and share premium £m	Capital contribution £m	Other reserves £m	Retained earnings £m	Total £m
At 1 January 2021		3.6	93.3	(0.9)	39.4	135.4
Loss for the year		-	-	-	(70.4)	(70.4)
<i>Other Comprehensive Income</i>						
Cash flow hedge - change in fair value		-	-	1.5	-	1.5
Adjustment to equity arising from the use of merger accounting principles		-	-	-	(0.3)	(0.3)
At 31 December 2021		3.6	93.3	0.6	(31.3)	66.2
Profit for the year		-	-	-	35.8	35.8
<i>Other comprehensive income</i>						
Cash flow hedge - change in fair value		-	-	(1.6)	-	(1.6)
Issue of shares	20	143.8	-	-	-	143.8
Adjustment to equity arising from the use of merger accounting principles	11, 14	-	-	-	(4.6)	(4.6)
		143.8	-	(1.6)	(4.6)	137.6
At 31 December 2022		147.4	93.3	(1.0)	(0.1)	239.6

Other reserves represents the historic changes in fair value of cash flow hedge as well as a write off of the liability of a Defined Benefit Pension balance net of deferred tax as the scheme has been accounted for by the parent company from 2017.

The Notes on pages 12 to 22 form part of the financial statements

Elis UK Limited

Notes to the financial statements for the year ended 31 December 2022

Elis UK Limited is a limited company incorporated and domiciled in the UK with a registered address of Intec 3, Wade Road, Basingstoke, RG24 8NE.

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and prior year.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) and are presented as required by the Companies Act 2006 on a going concern basis under the historical cost convention, except for derivative financial instruments and pension liabilities which are measured at their fair values

The true and fair override has been taken in respect of the non-amortisation of goodwill, due to the consideration that the goodwill has an indefinite useful economic life.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions:

(a) IFRS7 'Financial Instruments Disclosures'

(b) 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);

(c) Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 'Property, Plant and Equipment' and paragraph 118(e) of IAS 38 'Intangible assets';

(d) The following paragraphs of IAS 1 'Presentation of financial statements':

- 10(d) (statement of cash flows);
- 16 (statement of compliance with all IFRS);
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 111 (cash flow statement information); and
- 134-136 (capital management disclosures);

(e) IAS 7 'Statement of cash flows';

(f) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);

(g) Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation);

(h) The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;

(i) Paragraphs 130(f)(ii), 130(f)(iii), 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets' provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;

(j) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'; and

(k) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90,91 and 93 of IFRS 16 'Leases'.

Where required, equivalent disclosures are given in the consolidated financial statements of Elis SA which are available to the public.

The Company is exempt from preparing consolidation financial statements under section 401 of the Companies Act 2006 as it is included within the consolidated financial statements of its ultimate and controlling parent undertaking, Elis SA, which are publicly available. These financial statements present information about the Company as an individual undertaking and not about the group:

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Going concern

The Directors have considered the consequences of trading events and conditions it can predict now and in the future, and have determined that they do not create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. The Company's activities used to be supported by Elis Group in the preceding periods when it incurred losses, so the going concern of the Group has also been considered as part of the going concern review of the Company.

The Directors have carried out an assessment of the Company's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. The assessment has involved a review of forecasts which reflect the impact of the 12 months of trading after the date of signing the financial statements.

The Directors have also considered the likelihood of the principal risks and consequent impact these might have on the Company. Having considered these risks, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future and so consider it appropriate for the 2022 financial statements to be prepared on a going concern basis.

Application of new standards and interpretations as from 1 January 2022

In the current year, the Company has applied a number of amendments to Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. This has not had any material impact on the amounts reported for the current and prior years.

Functional 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') 'Pounds Sterling' (£).

Foreign currency translation

Transactions in a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the statement of comprehensive income.

Intangible assets - computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives (3 to 5 years).

Customer contracts

Customer contracts and other contract relationships obtained through acquisition of businesses are amortised using the straight-line method over their estimated useful economic life which is 3 years.

Goodwill

The Company applied merger accounting to its hive up of a set of activities and assets of businesses (including goodwill). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Property, plant and equipment

Leasehold property, plant and equipment are shown at cost less depreciation. Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Property, plant and equipment is tested for impairment when an event that might affect asset value has occurred. Assets acquired from group companies are transferred at original cost and accumulated depreciation.

Gains or losses on disposals are recognised in the statement of comprehensive income.

Depreciation is provided at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land	no depreciation
Freehold buildings	- 40 years
Long leasehold	by equal instalments over the period of the lease
Plant and machinery	- 3 to 10 years
Hire and rental inventory	- 1 to 3 years

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Investments in subsidiaries

Investments are initially stated at cost less accumulated impairment. Investments are tested for impairment when an event that might affect asset value has occurred. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future cash flows from the investment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of investments are reviewed for possible reversal at each reporting date, if there have been favourable events or changes in circumstances since the impairment loss was recognised that would indicate that the impairment loss no longer exists or might have decreased.

Inventories

Inventories comprise consumable items, raw materials and finished goods and are valued at the lower of cost and net realisable value. Cost is based upon the cost of purchase on a first in, first out basis. Some stock is included at a valuation based on a standard cost, which is reviewed annually. Net realisable value is based on estimated selling price less further costs incurred on disposal. Provision is made for obsolete stock where necessary.

Derivative financial instruments

The Company enters into forward foreign exchange contracts for the purchase of US dollars in the future at fixed rates. These forward contracts reduce the foreign exchange exposure on the procurement of textiles and capital equipment from Far East suppliers. The contracts all have a maturity of less than one year. The effective portion of the changes in the fair value of derivatives are recognised in equity applying cashflow hedge accounting. Movements on the hedging reserve are shown within the statement of changes in equity. The Company holds no trading derivatives.

Financial instruments

Financial instruments comprise non-derivative financial assets and liabilities, including cash, deposits and borrowings.

Non-derivative financial assets are classified as either debtors or cash. Financial assets are stated at amortised cost.

Financial assets

Financial assets are initially recognised at their fair value and are subsequently measured at amortised cost less any allowance for expected credit losses.

Expected credit losses

For debtors, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, debtors have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles and forecasts of future economic conditions.

Financial assets are classified as current assets when the Company expects to realise the asset within 12 months from reporting date. Otherwise these are classified as noncurrent assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash deposits held at banks. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Financial liabilities

The Company recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at fair value and subsequently at the amortised cost using the effective interest method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are related to the EIR.

Elis UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Lease where the Company is a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- o fixed payments (including in-substance fixed payments), less any lease incentives receivable
- o variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- o amounts expected to be payable by the Company under residual value guarantees
- o the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- o payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company uses the Elis Group's incremental borrowing rate adjusted using a spread for the United Kingdom.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Refer to accounting policy on property, plant and equipment.

Revenue recognition

Revenue comprises the fair value for the rendering of services and rental of textiles, net of value added tax and similar sales based taxes, rebates and discounts. Revenue is recognised as follows:

Service income: Income received or receivable in respect of service income is credited to revenue as and when services are rendered in respect of linen and washroom services. Revenue is recognised based on a per item basis of packed out and delivered laundered textiles to hotels and hospitals at a point in time when the service is completed.

Sale of Goods: For non-contract based business, revenue represents the value of goods delivered. Revenue is recognised when control has transferred (being a delivery to the customer and there is no unfilled obligation that would affect the customer's acceptance of the goods). Accrued income comprises revenue contractually earned for services performed that are invoiced to the customer primarily in the following month. Deferred revenue represents amounts invoiced in respect of services that are due to be performed largely in the following month.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Finance income and costs

Interest income and interest expense are calculated by applying the effective interest rate to the gross carrying amount of a financial asset/liability except for financial assets that subsequently become credit-impaired.

Pension costs

The Company operates a defined contribution scheme. Contributions payable by the Company to the scheme are charged to the statement of comprehensive income in the financial year to which the contributions relate.

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Exceptional items

Items that are non-recurring, or irregular, and material in size or non-operating in nature are treated as exceptional items in the statement of comprehensive income. The Directors are of the opinion that separate recording of exceptional items provides helpful information about the Company's underlying business performance.

Current and deferred income tax

The current income tax charge/(credit) is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted at the balance sheet date in the UK.

Deferred tax is recognised in respect of all temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position.

Deferred income tax assets are not recognised to the extent that the transfer of future economic benefits is uncertain. Deferred tax assets and liabilities have not been discounted.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different tax entities where there is an intention to settle the balance on a net basis.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect reported amounts at the end of the year.

Impairment of tangible assets, intangible assets and financial assets (estimate)

Management undertakes impairment reviews to determine if the carrying value of these assets may require further write-down due to long-term detriment in the trading circumstances. This requires management to use reasonable endeavours to determine discount rates, costs of capital, projected future trading forecasts. Inevitably, the judgements used could prove to be inappropriate when measured against subsequent events.

Estimation of useful life of Property, plant & equipment and Intangible assets with definite useful life (estimate)

The Company estimates the useful lives of property, plant and equipment (carrying value £194.7m) and intangible assets with definite useful lives (carrying value £3.7m) based on the year which the property, plant and equipment and intangible assets are expected to be available for use and making use of collective assessment of the industry practice, internal technical evaluation and experience with similar assets. These estimated useful lives are reviewed periodically and updated if there is a change in the expectations in the useful economic lives of these assets.

Determining the discount rate on leases (judgement)

If the Discount Rate implicit in the lease cannot be readily determined, the Company uses the Elis Group's incremental borrowing rate adjusted using a spread for the United Kingdom. The carrying value for Right of use assets is £45.1m, and Lease liabilities £47.7m.

2 Revenue

	2022	2021
	£m	£m
Service income	306.9	242.3
Sale of goods	10.3	11.7
	<u>317.2</u>	<u>254.0</u>

Disclosure of revenue into more detailed categories has not been included in the financial statements, as the Directors are of the opinion that this would be seriously prejudicial to the interests of the Company.

All material revenue is generated in the UK.

3 Operating profit/(loss)

	2022	2021
	£m	£m
Operating profit/(loss) is stated after charging/(crediting)		
Depreciation of property, plant and equipment	62.1	57.8
Amortisation of intangible assets	1.5	1.2
(Profit)/loss on sale of property, plant and equipment	(0.8)	0.7
Right of use depreciation expense	10.9	9.9
Reversal of impairment of trade receivables	(0.6)	(0.2)

Fees payable to the Company's auditor for the audit of:
the Company's annual financial statements

	2022	2021
	0.2	0.2

Elis UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Staff costs

Staff costs for the Company during the year, including Directors:

	2022 £m	2021 £m
Wages and salaries	128.2	88.1
Social security costs	13.5	9.1
Other pension costs	3.0	2.4
	<u>144.7</u>	<u>99.6</u>

Employee numbers

The average monthly number of employees (including executive Directors) was:

	2022 No.	2021 No.
Production	3,587	3,346
Selling and distribution	1,311	1,223
Administration	360	364
	<u>5,258</u>	<u>4,933</u>

5 Directors' emoluments

	2022 £m	2021 £m
<i>Directors remunerated by the Company</i>		
Aggregate emoluments	<u>0.8</u>	<u>0.5</u>
<i>Highest paid Director remunerated by the Company</i>		
Aggregate emoluments	<u>0.5</u>	<u>0.3</u>

6 Other operating items

	2022 £m	2021 £m
<i>Exceptional cost</i>		
Business integration	0.3	0.5
Restructure and redundancy costs	0.3	0.8
	<u>0.6</u>	<u>1.3</u>
<i>Other operating items</i>		
Customer contract amortisation	0.6	0.3
Gain on sale of property, plant and equipment	-	(0.9)
	<u>1.2</u>	<u>0.7</u>

7 Finance income

	2022 £m	2021 £m
Interest receivable from group undertakings	-	0.2
Other interest receivable	0.3	-
	<u>0.3</u>	<u>0.2</u>

8 Finance costs

	2022 £m	2021 £m
Interest payable to parent company	1.9	4.4
Interest payable to group undertakings	0.1	-
Lease liabilities cost	1.8	1.9
Bank interest	0.1	0.1
	<u>3.9</u>	<u>6.4</u>

Elis UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Taxation

	2022 £m	2021 £m
(a) Analysis for the year:		
Current tax:		
UK corporation tax credit	-	(1.4)
Amounts overprovided in previous years	(4.2)	(0.5)
Total current tax credit	(4.2)	(1.9)
Deferred tax:		
Relating to origination and reversal of timing differences	(1.0)	6.7
Effect of change in deferred tax rates	-	(3.4)
Amounts under/(over)provided in previous years	1.0	(3.3)
Total deferred tax charge	-	-
Total tax credit in the statement of comprehensive income	(4.2)	(1.9)
(b) Factors affecting current taxation for the year:		
Profit/(loss) on ordinary activities before tax	31.6	(72.3)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	6.0	(13.7)
Adjustments in respect of:		
Permanent differences	(3.9)	12.8
Deferred tax not recognised	(3.1)	6.2
Effect of change in tax rate	-	(3.4)
Prior year adjustments	(3.2)	(3.8)
	(4.2)	(1.9)

10 Deferred tax

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly the Company has not recognised deferred tax assets in respect of deductible temporary differences and tax losses of £11.9m, due to the inherent uncertainty over whether relevant taxable profits will be available in future.

The UK Government announced an increase in the corporation tax rate from 19% to 25%, with an effective date of 1 April 2023, which was substantively enacted on 24 May 2021. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

11 Intangible assets

	Computer software £m	Customer Contracts £m	Goodwill £m	Total £m
Cost				
At 1 January 2022	10.3	1.2	1.9	13.4
Additions	0.7	-	0.9	1.6
Hive up of trade and assets from a group company (note 14)	-	1.6	1.3	2.9
At 31 December 2022	11.0	2.8	4.1	17.9
Amortisation				
At 1 January 2022	8.3	0.3	-	8.6
Provided during year - income statement	0.9	0.6	-	1.5
Provided during year - statement of changes in equity	-	-	0.9	0.9
At 31 December 2022	9.2	0.9	0.9	11.0
Net book value				
At 31 December 2022	1.8	1.9	3.2	6.9
At 1 January 2022	2.0	0.9	1.9	4.8

Goodwill generated from historic acquisitions has been reviewed and impaired as it has been considered diluted due to closure or sale of sites or as a result of different business restructures.

Elis UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Hire and rental inventory £m	Total £m
Cost or valuation					
At 1 January 2022	68.9	1.2	233.7	127.3	431.1
Additions	0.4	-	7.5	57.7	65.6
Disposals	(0.1)	-	(3.8)	(49.7)	(53.6)
At 31 December 2022	<u>69.2</u>	<u>1.2</u>	<u>237.4</u>	<u>135.3</u>	<u>443.1</u>
Depreciation					
At 1 January 2022	12.0	0.6	163.9	63.3	239.8
Provided during year	2.0	-	14.3	45.8	62.1
Disposals	(0.1)	-	(3.7)	(49.7)	(53.5)
At 31 December 2022	<u>13.9</u>	<u>0.6</u>	<u>174.5</u>	<u>59.4</u>	<u>248.4</u>
At 31 December 2022	<u>55.3</u>	<u>0.6</u>	<u>62.9</u>	<u>75.9</u>	<u>194.7</u>
At 1 January 2022	56.9	0.6	69.8	64.0	191.3

13 Right of use assets

	Long leasehold £m	Plant and machinery £m	Total £m
Cost			
At 1 January 2022	36.9	33.3	70.2
Additions	0.4	9.1	9.5
Disposals	(0.7)	(3.7)	(4.4)
At 31 December 2022	<u>36.6</u>	<u>38.7</u>	<u>75.3</u>
Depreciation			
At 1 January 2022	7.9	15.2	23.1
Provided during year	2.7	8.2	10.9
Disposals	(0.7)	(3.1)	(3.8)
At 31 December 2022	<u>9.9</u>	<u>20.3</u>	<u>30.2</u>
Net book value			
At 31 December 2022	<u>26.7</u>	<u>18.4</u>	<u>45.1</u>
At 1 January 2022	29.0	18.1	47.1

Lease liabilities

Maturity analysis of contractual undiscounted cashflows	2022 £m	2021 £m
Less than one year	11.8	10.4
One to five years	20.9	23.5
Over five years	41.5	43.3
less Interest	<u>(16.7)</u>	<u>(18.1)</u>
	<u>57.5</u>	<u>59.1</u>

Amount recognised in the Statement of Comprehensive Income

	2022 £m	2021 £m
Interest on lease liabilities	1.8	1.9
Expenses related to short term leases	0.3	0.9
Expenses related to leases of low-value assets, excluding short term leases of low-value assets	0.3	0.3
	<u>2.4</u>	<u>3.1</u>

Elis UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Investments

	Total £m
Cost	
At 1 January 2022	18.4
Additions	0.8
Hive up of trade and assets from a group company (note 11)	(2.9)
At 31 December 2022	16.3
Impairment provisions	
At 1 January 2022	1.2
Provided in year - income statement	8.7
Provided in year - statement of changes in equity	3.7
At 31 December 2022	13.6
Net book value	
At 31 December 2022	2.7
At 1 January 2022	17.2

During the year, the Company acquired Independent Workwear Solutions Ltd, a company that provides workwear to businesses, for a cash consideration.

During the year, the assets and liabilities of Pure Washrooms (Coventry) Ltd and Independent Workwear Solutions Ltd were hived up into the Company. The total assets and liabilities were transferred at a net book value of £1.7m. Following the hive ups, the recognised investment in this company was reduced by the net book value of the hived up amount by transferring £2.9m to Intangible assets (goodwill: £1.3m; customer contracts £1.6m - see note 11) and £3.7m was written off to equity as an adjustment due to the use of merger accounting principles.

The provision recognised in the Statement of Comprehensive Income during the year was against the Company's subsidiary, Berendsen Cleanroom Services Limited, following receipt of a dividend from that company which reduced its net asset value to £nil prior to dissolution.

The Company owns issued share capital of the following companies. All holdings are in the ordinary shares of the entities and are 100%:

The Company received dividends during the year totalling £28.1m (2021: £nil) from subsidiaries that had ceased trading and were dissolved after the year end.

Company name	Country of incorporation	Registered office
Pure Washrooms Ltd	England	1st Floor Chineham Gate, Crockford Lane, Chineham, Basingstoke, RG24 8NA
Berendsen Healthcare Limited *	England	Intec 3, Wade Road, Basingstoke, RG24 8NE
Berendsen Cleanroom Services Limited *	England	Intec 3, Wade Road, Basingstoke, RG24 8NE
Berendsen Hospitality Limited *	England	Intec 3, Wade Road, Basingstoke, RG24 8NE
St. Helens Laundry Limited *	England	Intec 3, Wade Road, Basingstoke, RG24 8NE
Berendsen Workwear Limited *	England	Intec 3, Wade Road, Basingstoke, RG24 8NE
Central Laundry Ltd	England	1st Floor Chineham Gate, Crockford Lane, Chineham, Basingstoke, RG24 8NA
Spring Grove Services Group Limited	England	1st Floor Chineham Gate, Crockford Lane, Chineham, Basingstoke, RG24 8NA
Sunlight Textile Services Limited *	England	Intec 3, Wade Road, Basingstoke, RG24 8NE
Independent Workwear Solutions Ltd	England	1st Floor Chineham Gate, Crockford Lane, Chineham, Basingstoke, RG24 8NA

The following is a list of entities in which the Company has an indirect interest:

Company name	Country of incorporation	Registered office
Pure Washrooms (Coventry) Ltd *	England	Intec 3, Wade Road, Basingstoke, RG24 8NE
Fabricare Limited *	England	Intec 3, Wade Road, Basingstoke, RG24 8NE
Berendsen Ireland Holdings Ltd	Eire	Pottery Road, Dun Laoghaire A96E5W9, Co. Dublin
Elis NI Limited	Northern Ireland	C/O Carson McDowell, Murray House, Murray Street, Belfast, BT1 6DN
Northern Pest Control Ltd	Northern Ireland	C/O Carson McDowell, Murray House, Murray Street, Belfast, BT1 6DN
Berendsen Supply Chain (Northern Ireland) Limited	Northern Ireland	C/O Carson McDowell, Murray House, Murray Street, Belfast, BT1 6DN
Elis Textile Services Ltd	Eire	Pottery Road, Dun Laoghaire A96E5W9, Co. Dublin
Steritex Ltd	Eire	Pottery Road, Dun Laoghaire A96E5W9, Co. Dublin
Elis Pest Control Ltd	Eire	Greenogue Business Park, Rathcoole, Co. Dublin
Elis Textiles Ltd	Eire	Unit 1b, South City Business Park, Tallaght, Dublin 24, Co. Dublin

* Companies dissolved after the year end

15 Inventories

	2022 £m	2021 £m
Raw materials and consumables	3.1	2.2
Finished goods	15.0	10.6
Provision for obsolete stock	(1.1)	(0.8)
	17.0	12.0

The carrying amount of inventories held at fair value less costs to sell is £nil.

Elis UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

16 Debtors and other assets

	2022	2021
	£m	£m
Trade receivables	27.5	16.8
Contract assets	21.0	12.3
Prepayments and accrued income	1.7	1.5
Corporation tax	6.6	3.4
Other debtors	4.4	2.9
Forward foreign exchange contracts (see note 17)	-	0.5
Amounts due from group undertakings	38.4	44.7
Amounts due from parent undertaking	1.9	-
	<u>101.5</u>	<u>82.1</u>

Trade receivables are stated after provisions for impairment of £1.5 million (2021: £2.0 million).

Amounts due from group undertakings are unsecured, interest free and have no fixed date of repayment

Amounts due from the parent undertaking bear interest of 1.96% pa (2021: n/a), are unsecured and repayable on demand.

17 Derivative financial instruments

	2022	2021
	£m	£m
Forward foreign exchange contracts	<u>(1.1)</u>	<u>0.5</u>

The Company faces some currency exposure in respect of the procurement of textiles and capital equipment from Far East suppliers. The Company's policy is to enter into forward contracts to purchase US dollars based upon the expected purchases. During the year, the Company entered into several forward foreign exchange contracts for the purchase of US dollars in the future at fixed rates. These forward contracts reduce the foreign exchange exposure on the procurement of textiles and capital equipment from Far East suppliers. The contracts all have a maturity of less than one year.

The forward foreign exchange contracts have resulted in the recognition of a derivative liability of £1.1m (2021: asset of £0.5m).

18 Creditors: amounts falling due within one year

	2022	2021
	£m	£m
Trade creditors	16.7	15.7
Amounts due to group undertakings	6.0	36.0
Amounts due to parent undertaking	-	142.5
Other taxation and social security	12.9	11.6
Other payables	11.7	4.6
Forward foreign exchange contracts (see note 17)	1.1	-
Short term lease liabilities	10.2	8.7
Accruals and deferred income	22.0	17.5
Contract liabilities	6.6	5.2
	<u>87.2</u>	<u>241.8</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Amounts due to the parent undertaking include loans of £nil (2021: £126.6m) that are bearing interest of 2.21% pa (2021: 3.5% pa), unsecured and repayable on demand. Other amounts due to the parent undertaking of £nil (2021: £15.9m) are interest free, also repayable on demand and unsecured.

During the year, the Company capitalised the amount due to its parent undertaking (see note 20).

Revenue recognised during the year includes the full amount that was shown in the opening balance of contract liabilities at the beginning of the year.

Elis UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

19 Creditors: amounts falling due after more than one year

	2022 £m	2021 £m
Long term lease liabilities	37.5	40.6
Provisions	9.8	9.8
	<u>47.3</u>	<u>50.4</u>

20 Share capital

	2022 £m	2021 £m
Issued, called up and fully paid		
36,206,051 (2021: 36,206,050) Ordinary shares of £0.10p each	3.6	3.6

During the year, 1 (2021: nil) share was allotted for consideration of £143.8 million.

21 Pensions

Defined contribution schemes

The Company provides a defined contribution scheme for eligible members of the Company. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Defined benefit scheme

The Company participates in a defined benefit scheme (the Berendsen DB (UK) Retirement Benefits Scheme) with its immediate parent company (Berendsen Limited). It has operated only this defined benefit scheme following a merger with the Sunlight Defined Benefit Scheme on 1 February 2015. From that date the scheme has been operated by Berendsen Limited. Following a group restructure in 2017, management can no longer separately identify each participating company's share of assets and liabilities of the plan, and so a change in accounting policy was adopted in the prior years whereby it is accounted for by Berendsen Limited as a multi-employer scheme. Berendsen Limited is the principal employer of the scheme, whereas Elis UK Limited has responsibilities only in relation to the active scheme members. Full details of the scheme may be viewed in the Berendsen Limited financial statements.

A triennial valuation was carried out on 1 February 2022 and signed off by the Pension Scheme Trustees in February 2023. As at the triennial valuation date (1 February 2022) the scheme was fully funded (on a technical basis) so there was no requirement for additional contributions relating to a recovery plan to be paid in the scheme. Administration expenses are paid either by Berendsen Limited or the scheme, depending on the funding level and as set out in the Schedule of Contributions agreed between the scheme and Berendsen Limited. The next valuation is due in February 2026.

The Company is accounting for its contributions to the scheme as if it were a defined contribution scheme. Accordingly, the cost of the Company's contributions to the scheme is equal to the contributions payable to the scheme during the year. As at 31 January 2023 (the scheme's accounting year-end) the number of active members was 15. The total scheme membership as at that date was 2,615. The expected contributions to the scheme for the year ending 2023 total £142,000.

22 Capital commitments

The Company did not have any outstanding unprovided capital commitments at the balance sheet date.

23 Related party transactions

The Company has taken the exemption available to it under FRS 101 Reduced Disclosure Framework not to disclose its related party transactions with fellow group undertakings.

24 Ultimate parent undertaking and controlling party

The Company's immediate controlling party is Berendsen Limited and the ultimate parent undertaking and controlling party is Elis SA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Elis SA consolidated financial statements can be obtained at 5 Boulevard Louis Loucheur, F-92210 Saint-Cloud or online.