

SHORTRIDGE LTD
FINANCIAL STATEMENTS
30 SEPTEMBER 2021

SHORTRIDGE LTD

COMPANY INFORMATION

Directors	Mr D W Greenwell Mrs C E Greenwell Mr P A Hinckley Ms I Strong
Company secretary	Ms I Strong
Registered number	02853436
Registered office	Joseph Noble Road Lillyhall Industrial Estate Workington Cumbria CA14 4JX
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
Bankers	HSBC Bank Plc 1 Market Square Penrith CA11 7SN The Royal Bank of Scotland Plc 151 High Street Dumfries DG1 2RA

SHORTRIDGE LTD

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SHORTRIDGE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Introduction

The directors present their strategic report for Shortridge Ltd for the year ended 30th September 2021.

Business review

The company's principal activities during the year continued to be the provision of high quality linen hire, laundry and workwear services to North England and Southern Scotland.

Management worked hard to mitigate the impact of the COVID-19 pandemic on the business during the period, and a strong focus on operational performance delivered improved efficiencies despite a second financial year of major challenges presented by COVID.

Financial highlights

The key financial and other performance indicators during the year were as follows:

	2021 £000's	2020 £000's
Turnover	6,553	6,822
Net (loss)/profit before tax	82	(299)
Profit after tax	41	(263)
Shareholder's funds	3,275	3,474
Current assets as % of current liabilities (current ratio)	213%	132%
Average number of employees	185	206

Year on year turnover decreased by 5%.

Financial position at reporting date

The balance sheet shows a change in net assets from £3.5m to £3.3m in the period. The company delivered a net cash flow of £1,046,136 (2020: £315,348), additional capital investments of £801,039 (2020: £188,150), a profit of £82,252 (2020: £298,553 loss) and shareholder's funds were reduced by 6% due to the long term CBILS liabilities.

Non-financial highlights

The business has certainly had to make some tough decisions in the last two years during the pandemic. However, Shortridge Ltd clearly demonstrated it's long-term resilience over this time, and despite all, 2021 has still been a truly encouraging year. The business has taken a number of bold steps to support future progress, made some significant investments; concentrated on retaining, training and investing in staff; and undergone a successful re-branding exercise.

We therefore enter 2022 in a robust situation, positioning ourselves for long-term sustainable growth, working to create a responsible and sustainable business focused on our fundamental strengths and core values.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Principal risks and uncertainties

The board of directors continually assesses the principal risks facing the business as well as reviewing the effectiveness of the controls used for managing these risks. Wherever possible, action is taken to mitigate to an acceptable level the potential impact of the identified risks and uncertainties.

Even as volumes return to more normal levels challenges remain, and two key areas of particular concern in the sector are staff shortages and energy prices:

1. Labour availability: the economic outlook post pandemic continues to generate concern about wage inflation and recruitment of suitable staff. This problem is applicable to all laundry services companies and the hospitality industry as a whole. The company tries to provide a welcoming, friendly, and fair workplace where there is attention to personal development and training, allied with good pay and working conditions, where staff can be attracted and retained. We also regard careful succession planning and staff development as important means to mitigate this risk.

2. Energy costs: At the time of writing, Russia's invasion of Ukraine remains an underlying factor propping up high gas prices, with talks aimed at ending the conflict producing little progress. Shortridge Ltd monitors the price of gas and electricity on a monthly basis, monitoring for opportunities to secure future energy contracts at reasonable prices.

3. Other risks and uncertainties:

- Supply chain disruption: contracts for the provision of linen stocks are made many months in advance of requirements, and spares for keeping essential equipment running are replaced on use.

- Cyber-security: while some element of cyber risk can be insured for, the company takes the potential threat very seriously and has an ongoing programme of improvement.

This report was approved by the board and signed on its behalf.

Ms I Strong

Director

Date: 29 June 2022

SHORTRIDGE LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors' responsibilities statement

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £41,155 (2020 - loss £262,564).

Interim dividends for £240,000 were paid during the year, there were no dividends proposed or paid after the year-end.

Directors

The directors who served during the year were:

Mr D W Greenwell
Mrs C E Greenwell
Mr P A Hinckley
Ms I Strong

Future developments

There are no significant future developments planned for the company.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Financial instruments

Treasury operations and financial instruments

The directors actively manage the treasury function which is responsible for managing liquidity, interest and foreign currency risks associated with the company's activities. The company's principal financial instruments are bank balances used to provide working capital to the company. In addition, the company has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

Liquidity risk

The company manages its cash requirements to maximise interest income whilst ensuring that the company has sufficient liquid resources to meet the operating needs of business activities.

Credit risk

Investment of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditor s 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

Ms I Strong
Director

Date: 29 June 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHORTRIDGE LTD

Opinion

We have audited the financial statements of Shortridge Ltd (the 'Company') for the year ended 30 September 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHORTRIDGE LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHORTRIDGE LTD (CONTINUED)

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.

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

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation and occupational health and employment legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition and management override of controls.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors and third-party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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 Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHORTRIDGE LTD (CONTINUED)

Use of our report

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

Joanna Gray (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
Statutory Auditors
Carlisle

29 June 2022

SHORTTRIDGE LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021 £	As restated 2020 £
Turnover	4	6,553,210	6,821,530
Cost of sales		(5,977,911)	(6,973,093)
Gross profit/(loss)		575,299	(151,563)
Administrative expenses		(1,705,562)	(1,543,480)
Other operating income	5	1,246,634	1,416,272
Operating profit/(loss)		116,371	(278,771)
Interest receivable and similar income	9	3,287	2,326
Interest payable and similar expenses	10	(37,406)	(22,108)
Profit/(loss) before tax		82,252	(298,553)
Tax on profit/(loss)	12	(41,097)	35,989
Profit/(loss) for the financial year		41,155	(262,564)

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 28 form part of these financial statements.

SHORTRIDGE LTD
REGISTERED NUMBER: 02853436

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	2,852,312	2,997,568
		<u>2,852,312</u>	<u>2,997,568</u>
Current assets			
Stocks	14	14,649	65,265
Debtors: amounts falling due within one year	15	2,195,021	1,839,278
Cash at bank and in hand	16	2,783,221	1,737,085
		<u>4,992,891</u>	<u>3,641,628</u>
Creditors: amounts falling due within one year	17	(2,346,976)	(2,753,308)
Net current assets		<u>2,645,915</u>	<u>888,320</u>
Total assets less current liabilities		<u>5,498,227</u>	<u>3,885,888</u>
Creditors: amounts falling due after more than one year	18	(1,976,896)	(206,809)
Provisions for liabilities			
Deferred tax	22	(246,168)	(205,071)
		<u>(246,168)</u>	<u>(205,071)</u>
Net assets		<u><u>3,275,163</u></u>	<u><u>3,474,008</u></u>
Capital and reserves			
Called up share capital	23	39,200	39,200
Profit and loss account		<u>3,235,963</u>	<u>3,434,808</u>
		<u><u>3,275,163</u></u>	<u><u>3,474,008</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Ms I Strong

Director

Date: 29 June 2022

The notes on pages 14 to 28 form part of these financial statements.

SHORTRIDGE LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 October 2019	39,200	3,937,372	3,976,572
Loss for the year	-	(262,564)	(262,564)
Dividends: Equity capital	-	(240,000)	(240,000)
At 1 October 2020	39,200	3,434,808	3,474,008
Profit for the year	-	41,155	41,155
Dividends: Equity capital	-	(240,000)	(240,000)
At 30 September 2021	<u>39,200</u>	<u>3,235,963</u>	<u>3,275,163</u>

The notes on pages 14 to 28 form part of these financial statements.

SHORTRIDGE LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	41,155	(262,564)
Adjustments for:		
Depreciation of tangible assets	866,838	875,542
Loss on disposal of tangible assets	33,812	(90,307)
Government grants	(44,545)	(100,000)
Interest paid	37,407	22,108
Interest received	(3,287)	(2,326)
Taxation charge	41,097	(35,989)
Decrease in stocks	50,616	8,130
(Increase)/decrease in debtors	(348,513)	145,546
(Decrease)/increase in creditors	(238,081)	133,890
Corporation tax (paid)	(12,554)	(58,884)
Net cash generated from operating activities	<u>423,945</u>	<u>635,146</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(126,433)	(188,150)
Sale of tangible fixed assets	45,645	137,452
Government grants received	44,545	100,000
Interest received	3,287	2,326
HP interest paid	(14,246)	(22,087)
Net cash from investing activities	<u>(47,202)</u>	<u>29,541</u>
Cash flows from financing activities		
New secured loans	1,500,000	-
Repayment of/new finance leases	(567,446)	(109,318)
Dividends paid	(240,000)	(240,000)
Interest paid	(23,161)	(21)
Net cash used in financing activities	<u>669,393</u>	<u>(349,339)</u>
Net increase in cash and cash equivalents	<u>1,046,136</u>	<u>315,348</u>
Cash and cash equivalents at beginning of year	1,737,085	1,421,737
Cash and cash equivalents at the end of year	<u><u>2,783,221</u></u>	<u><u>1,737,085</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,783,221	1,737,085
	<u><u>2,783,221</u></u>	<u><u>1,737,085</u></u>

The notes on pages 14 to 28 form part of these financial statements.

SHORTRIDGE LTD

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	At 1 October 2020 £	Cash flows £	New finance leases £	At 30 September 2021 £
Cash at bank and in hand	1,737,085	1,046,136	-	2,783,221
Debt due after 1 year	-	(1,387,500)	-	(1,387,500)
Debt due within 1 year	(94,701)	(148,207)	-	(242,908)
Finance leases	(762,420)	567,446	(681,557)	(876,531)
	<u>879,964</u>	<u>77,875</u>	<u>(681,557)</u>	<u>276,282</u>

The notes on pages 14 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. General information

Shortridge Ltd ('the Company') is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Joseph Noble Road, Lillyhall Industrial Estate, Workington, Cumbria CA14 4JX.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 October 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Improvements	-	between 10-33% straight line
Plant and machinery installation costs	-	between 10-14% straight line
Plant and machinery	-	between 10-50% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	between 10-50% straight line
Office equipment	-	between 25-50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Linen and garments for rental are initially held in the statement of financial position as stock and fully expensed upon installation to the customer or into pool circulation.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when declared. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.17 Deferral of VAT

Where the payment of VAT liabilities has been deferred, the liability is included within other taxation and social security within creditors due within one year.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences 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) Establishing useful economic lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total fixed assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these assets useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation charges for the period. Details of the depreciation policies based on estimated useful economic lives are included in accounting policies note 2.10.

4. Turnover

The whole of the turnover is attributable to the principal activity of the business.

All turnover arose within the United Kingdom.

SHORTRIDGE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

5. Other operating income

	2021 £	2020 £
Government grants received	896,257	1,069,301
Sundry income	50,000	-
Management charges	255,832	221,971
Pivotal Enterprise Resilience grant income	-	100,000
Retail, Hospitality, Leisure and Aviation grant income	-	25,000
Other grant income	44,545	-
	<u>1,246,634</u>	<u>1,416,272</u>

6. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £7,500 (2020 - 5,465).

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	3,704,998	4,007,757
Social security costs	282,480	301,582
Cost of defined contribution scheme	232,917	237,838
	<u>4,220,395</u>	<u>4,547,177</u>

The average monthly number of employees, including directors, during the year was 185 (2020 - 206).

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	35,205	-
Company contributions to defined contribution pension schemes	160,000	160,000
	<u>195,205</u>	<u>160,000</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

9. Interest receivable

	2021 £	2020 £
Other interest receivable	3,287	2,326
	<u>3,287</u>	<u>2,326</u>

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	49	21
Other loan interest payable	23,111	-
Finance leases and hire purchase contracts	14,246	22,087
	<u>37,406</u>	<u>22,108</u>

11. Dividends

	2021 £	2020 £
Ordinary dividends	240,000	240,000
	<u>240,000</u>	<u>240,000</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	9,086
Adjustments in respect of previous periods	-	(1,025)
	<u>-</u>	<u>8,061</u>
Total current tax	<u>-</u>	<u>8,061</u>
Deferred tax		
Origination and reversal of timing differences	(23,580)	(44,050)
Changes to tax rates	64,677	-
	<u>41,097</u>	<u>(44,050)</u>
Total deferred tax	<u>41,097</u>	<u>(44,050)</u>
Taxation on profit/(loss) on ordinary activities	<u>41,097</u>	<u>(35,989)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	<u>82,251</u>	<u>(298,552)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	15,628	(56,725)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	380	1,583
Capital allowances for year in excess of depreciation	(61,540)	65,799
Adjustments to tax charge in respect of prior periods	-	(1,025)
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	944	(1,571)
Short term timing difference leading to an increase (decrease) in taxation	(23,580)	(44,050)
Differential tax rate on deferred tax	64,677	-
Non-taxable income	(298)	-
Unrelieved tax losses carried forward	44,886	-
Total tax charge for the year	<u>41,097</u>	<u>(35,989)</u>

Factors that may affect future tax charges

The rate of corporation tax is due to increase to 25% from 1 April 2023. This change was substantively enacted at the end of the year, and has therefore been applied in the calculation of the deferred tax liability.

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Tangible fixed assets

	Leasehold improvements	Plant and machinery tallation costs	Plant and machinery	Motor vehicles	Fixtures and fittings	Office equipment	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 October 2020	583,655	-	,420,204	,158,579	198,893	199,762	,561,093
Additions	-	20,970	581,949	162,181	13,449	15,540	794,089
Disposals	-	-	(286,395)	(138,605)	-	-	(425,000)
Transfers between classes	(305,536)	305,536	-	-	-	-	-
At 30 September 2021	278,119	326,506	,715,758	,182,155	212,342	215,302	,930,182
Depreciation							
At 1 October 2020	296,580	-	,368,393	580,741	133,576	184,235	,563,525
Charge for the year on owned assets	27,908	20,613	323,213	130,145	27,378	10,752	540,009
Charge for the year on financed assets	-	-	223,782	96,097	-	-	319,879
Disposals	-	-	(220,642)	(124,901)	-	-	(345,543)
Transfers between classes	(219,768)	219,768	-	-	-	-	-
At 30 September 2021	104,720	240,381	,694,746	682,082	160,954	194,987	,077,870
Net book value							
At 30 September 2021	173,399	86,125	,021,012	500,073	51,388	20,315	,852,312
At 30 September 2020	287,076	-	,051,811	577,838	65,317	15,527	,997,569

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Plant and machinery	760,087	686,636
Motor vehicles	274,525	235,824
	<u>1,034,612</u>	<u>922,460</u>

Assets transferred consist of the cost of installation for plant and machinery. The directors believe that these assets are of a different nature to leasehold improvements, since they are specific to those machines, as opposed to leasehold improvements, which are general improvements to the properties. As such, they have assessed that these assets should form their own class.

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. Stocks

	2021 £	2020 £
Linen stock	14,649	65,265
	<u>14,649</u>	<u>65,265</u>

15. Debtors

	2021 £	2020 £
Trade debtors	1,661,059	1,375,090
Other debtors	229,859	290,755
Prepayments and accrued income	304,103	173,433
	<u>2,195,021</u>	<u>1,839,278</u>

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	2,783,221	1,737,085
	<u>2,783,221</u>	<u>1,737,085</u>

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	112,500	-
Trade creditors	153,476	706,711
Corporation tax	-	12,271
Other taxation and social security	774,348	698,685
Obligations under finance lease and hire purchase contracts	287,135	555,611
Other creditors	131,095	95,361
Accruals and deferred income	888,422	684,669
	<u>2,346,976</u>	<u>2,753,308</u>

Included within creditors falling due within one year is an amount of £112,500 (2020 - £NIL) relating to bank loans which are secured by the company.

SHORTRIDGE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

18. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	1,387,500	-
Net obligations under finance leases and hire purchase contracts	589,396	206,809
	<u>1,976,896</u>	<u>206,809</u>

Included within creditors falling due within one year is an amount of £1,387,500 (2020 - £NIL) relating to bank loans which are secured by personal guarantees on three directors.

19. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
CBILS	112,500	-
	<u>112,500</u>	<u>-</u>
Amounts falling due 1-2 years		
CBILS	300,000	-
	<u>300,000</u>	<u>-</u>
Amounts falling due 2-5 years		
CBILS	1,087,500	-
	<u>1,087,500</u>	<u>-</u>
	<u>1,500,000</u>	<u>-</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	306,012	529,219
Between 1-5 years	626,224	207,087
	<u>932,236</u>	<u>736,306</u>

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

21. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	2,783,221	1,737,085
Financial assets that are debt instruments measured at amortised cost	1,890,635	1,665,845
	<u>4,673,856</u>	<u>3,402,930</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,542,588)</u>	<u>(1,392,039)</u>

Financial assets measured at fair value through profit or loss comprise bank and cash.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors.

22. Deferred taxation

	2021 £	2020 £
At beginning of year	(205,071)	(249,121)
Charged to profit or loss	(41,097)	44,050
At end of year	<u>(246,168)</u>	<u>(205,071)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(315,214)	(211,715)
Pension provision	9,985	6,129
General provisions	-	515
Losses	59,061	-
	<u>(246,168)</u>	<u>(205,071)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

23. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
4,000 (2020 - 4,000) Ordinary shares of £1.00 each	4,000	4,000
35,200 (2020 - 35,200) Ordinary A shares of £1.00 each	35,200	35,200
	<hr/>	<hr/>
	39,200	39,200
	<hr/>	<hr/>

24. Reclassification of comparatives

The manner in which certain costs are allocated between cost of sales and administrative expenses has changed in the year. As such, the corresponding costs in the prior year have also been reclassified to present comparable figures.

The impact of this has been to decrease cost of sales in the comparative period by £138,283, and increase administrative expenses by the same amount. There has been no impact on comparative period profit, net assets, or brought forward reserves, since these reclassifications are purely presentational.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £232,917 (2020 - £237,838). Contributions totalling £37,277 (2020 - £32,259) were payable to the fund at the balance sheet date.

26. Commitments under operating leases

At 30 September 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	77,312	76,340
Later than 1 year and not later than 5 years	48,629	123,268
	<hr/>	<hr/>
	125,941	199,608
	<hr/>	<hr/>

The amount charged to the profit and loss account in respect of commitments under operating leases in the year amounted to £79,774 (2020 - £79,774).

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

27. Related party transactions

Energy Coast Laundry Ltd, a company controlled by the directors of Shortridge Ltd, owed Shortridge Ltd £229,576 at the year end (2020 - £290,755). This loan is interest free and repayable on demand.

During the year the recruitment services of Greenwell Industries were used, whose sole director was a family member of one of the directors. The transactions totalled £6,250. There were no balances payable at the year end.

Key management personnel comprise the directors and the managing director. Their remuneration amounted to £309,326 (2020 - £249,360).

Rental payments were made to one of the directors, lo Strong, in the year for a property used by the directors when working at Lillyhall. The total payments made were £8,689.25. There were no balances payable at the year end.

28. Controlling party

In the opinion of the directors, no party has control over the company.

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