

SHORTRIDGE LTD
FINANCIAL STATEMENTS
30 SEPTEMBER 2022

SHORTRIDGE LTD

COMPANY INFORMATION

Directors	Mr D W Greenwell Mrs C E Greenwell Mr P A Hinckley Ms I Strong Mr P J Semple (appointed 9 August 2022)
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 2022

Introduction

The directors present their strategic report for Shortridge Ltd for the year ended 30th September 2022.

Principal activities

The principal activities of Shortridge Ltd continue to be the provision of high-quality linen hire, laundry and workwear services to Northern England and Southern Scotland.

Financial highlights

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

	2022	2021
	£000's	£000's
Turnover	10,499	6,652
Net profit/(loss)	974	82
Profit after tax	781	41
Shareholder's funds	3,816	3,275
Current assets as % of current liabilities (quick ratio)	433%	213%
Average number of employees	208	185

Financial position at reporting date

In 2022 linen hire revenues of £10.5m bettered pre-pandemic levels (2021: £10.3m), and are the best revenue figures in the history of business. The balance sheet shows an increase in net assets from £3.3m to £3.8m. The company delivered a profit of £974 (2021: £82k), a net cash flow of £566k (2021: £1046k) after additional capital investments of £688k(2021: £794k). Overdue debt was reduced by £278k, and the CBILS loan of £1.5m was reduced by 40% within the period (and was repaid in full November 2022).

Business environment

The economic backdrop remained challenging throughout 2022; an inflationary environment in which businesses saw increases in fuel, wages, and textiles costs, plus considerable volatility in contract prices for energy. The hospitality industry, which Shortridge Ltd services, as a whole is driven by wider consumer confidence and demand which is very susceptible to the broader economic and political climate. Where it was possible to reduce unprofitable business and pass on increased costs through price increases, this was undertaken.

Non financial business performance

Various non financial measures are used to evaluate performance and communicate strategic and financial progress to employees and to the Board. These measures are reviewed daily, weekly and monthly against benchmarks, and examined as part of the annual budgeting and forecasting process. Targets include production efficiencies, customer retention and feedback, new customers, and lost contracts. H&S performance is monitored closely, with all accidents, incidents and near misses recorded and reviewed.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Strategy

Shortridge is committed to generating and preserving value by a continuing programme of improvement, and by consistently setting and achieving high standards in our interactions with our stakeholders.

Our key stakeholders are our staff, our customers, our suppliers, the communities in which we provide services and employment, and our shareholders.

The interests of our stakeholders are important to us. We take time and care to ensure that we provide the right resources and focus to meet stakeholder expectations, and we concentrate on maintaining strong, positive relationships built on a foundation of mutual respect, trust and understanding.

We are a people business, and our staff are vital to the performance of the business. We endeavour to create an environment where the contribution of all our staff is valued, encouraging working together, and recognising personal responsibility, integrity and honesty.

Our customers are the foundation of our success. We strive to invest time working with them in order to understand and respond to their needs.

Our suppliers are key to our operations and we work with them to adopt collaborative methods and to foster a relationship of fairness and sustainability.

We strive to be a good neighbour, a good employer, environmentally sensitive, and to have a positive impact on both our local communities and wider society. In furtherance of this we have made and are making big steps to trim our energy and packing material use. At the time of writing solar panels are at the point of commission in our Dumfries plant, and at the Lillyhall plant highly efficient heat recovery systems are budgeted for 2023 to recover energy contained in waste water.

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.

The key areas of particular concern going forward are recruitment, energy prices and cyber-crime:

1. Labour and skills availability: the economic outlook post pandemic continues to generate wage inflation and problems in recruitment of suitable staff. This problem is applicable to all laundry services companies, the hospitality industry, and the economy 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, enabling staff to be attracted and retained. We also regard careful succession planning and staff development as important means to mitigate this risk.

2. Energy costs: Russia's invasion of Ukraine still remains an underlying factor propping up gas and power prices, with talks aimed at ending the conflict producing little progress. Although prices have now fallen back somewhat from the highs at the end of 2022, Shortridge Ltd continually monitors the price of gas and electricity on a daily basis, watching for opportunities to secure future energy contracts at reasonable prices.

3. Cyber-security: while some element of cyber risk can be insured for, the company takes the potential threat of cyber-crime very seriously and has an ongoing programme of improvement. Firewalls and VPNs were all upgraded in the period, and Cyber Essentials Accreditation was achieved in July 2022.

4. Other risks and uncertainties: supply chain disruption: contracts for the provision of linen stocks are made many months in advance of requirements to ensure continuity of supply at budgeted cost, and spares for keeping essential equipment running are replaced on use to prevent machine downtime.

SHORTRIDGE LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

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Ms I Strong

Director

Date: 28 June 2023

SHORTRIDGE LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

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 £780,805 (2021 - £41,155).

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
Mr P J Semple (appointed 9 August 2022)

Future developments

Current future developments are represented by the extension of the property at the Lilyhall Industrial Estate, which is due to commence in late 2023.

There are no other significant future developments planned for the company.

SHORTRIDGE LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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.

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Ms I Strong

Director

Date: 28 June 2023

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 2022, which comprise the Profit and loss account, 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 2022 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 4, 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

28 June 2023

SHORTRIDGE LTD
REGISTERED NUMBER: 02853436

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	2,642,863	2,852,312
		<u>2,642,863</u>	<u>2,852,312</u>
Current assets			
Stocks	14	190,989	14,649
Debtors: amounts falling due within one year	15	1,900,540	2,195,021
Cash at bank and in hand	16	3,349,205	2,783,221
		<u>5,440,734</u>	<u>4,992,891</u>
Creditors: amounts falling due within one year	17	(2,707,339)	(2,346,976)
Net current assets		<u>2,733,395</u>	<u>2,645,915</u>
Total assets less current liabilities		<u>5,376,258</u>	<u>5,498,227</u>
Creditors: amounts falling due after more than one year	18	(1,256,476)	(1,976,897)
Provisions for liabilities			
Deferred tax	22	(303,815)	(246,168)
		<u>(303,815)</u>	<u>(246,168)</u>
Net assets		<u><u>3,815,967</u></u>	<u><u>3,275,162</u></u>
Capital and reserves			
Called up share capital	23	39,200	39,200
Profit and loss account		<u>3,776,767</u>	<u>3,235,962</u>
		<u><u>3,815,967</u></u>	<u><u>3,275,162</u></u>

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

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Ms I Strong
Director

Date: 28 June 2023

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 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 October 2020	39,200	3,434,807	3,474,007
Profit for the year	-	41,155	41,155
Dividends: Equity capital	-	(240,000)	(240,000)
At 1 October 2021	39,200	3,235,962	3,275,162
Profit for the year	-	780,805	780,805
Contributions by and distributions to owners			
Dividends: Equity capital	-	(240,000)	(240,000)
At 30 September 2022	<u>39,200</u>	<u>3,776,767</u>	<u>3,815,967</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 2022**

	2022	2021
	£	£
Cash flows from operating activities		
Profit for the financial year	780,805	41,155
Adjustments for:		
Depreciation of tangible assets	897,727	866,838
Loss on disposal of tangible assets	(32,167)	33,812
Government grants	(1,325)	(44,545)
Interest paid	59,317	37,407
Interest received	(6,154)	(3,287)
Taxation charge	193,610	41,097
(Increase)/decrease in stocks	(176,340)	50,616
Decrease/(increase) in debtors	128,278	(348,513)
Increase/(decrease) in creditors	206,356	(238,081)
Corporation tax (paid)	(3,685)	(12,554)
Net cash generated from operating activities	2,046,422	423,945
Cash flows from investing activities		
Purchase of tangible fixed assets	(221,877)	-
Sale of tangible fixed assets	32,167	(126,433)
Purchase of investment properties	-	45,645
Government grants received	1,325	44,545
Interest received	6,154	3,287
HP interest paid	(33,322)	(14,246)
Net cash from investing activities	(215,553)	(47,202)
Cash flows from financing activities		
New secured loans	-	1,500,000
Repayment of loans	(600,000)	-
Repayment of/new finance leases	(398,890)	(567,446)
Dividends paid	(240,000)	(240,000)
Interest paid	(25,995)	(23,161)
Net cash used in financing activities	(1,264,885)	669,393
Net increase in cash and cash equivalents	565,984	1,046,136
Cash and cash equivalents at beginning of year	2,783,221	1,737,085
Cash and cash equivalents at the end of year	3,349,205	2,783,221
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,349,205	2,783,221
	3,349,205	2,783,221

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 2022**

	At 1 October 2021 £	Cash flows £	At 30 September 2022 £
Cash at bank and in hand	2,783,221	565,984	3,349,205
Debt due after 1 year	(1,387,500)	1,387,500	-
Debt due within 1 year	(242,908)	(819,270)	(1,062,178)
Finance leases	(876,531)	(67,510)	(944,041)
	<u>276,282</u>	<u>1,066,704</u>	<u>1,342,986</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 2022**

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 2020 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 2022**

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 Profit and loss account 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 reporting 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 2022

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 2022**

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 reporting 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 Profit and loss account.

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 2022**

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 2022**

5. Other operating income

	2022	2021
	£	£
Government grants received	-	896,257
Sundry income	-	50,000
Management charges	231,751	255,832
Other grant income	1,325	44,545
	<u>233,076</u>	<u>1,246,634</u>

6. Auditors' remuneration

Fees payable to the Company's auditors for the audit of the Company's financial statements totalled £9,000 (2021 - £7,500).

7. Employees

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

	2022	2021
	£	£
Wages and salaries	4,615,802	3,704,998
Social security costs	387,539	282,480
Cost of defined contribution scheme	257,779	232,917
	<u>5,261,120</u>	<u>4,220,395</u>

The average monthly number of employees, including directors, during the year was 208 (2021 - 185).

8. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	52,568	35,205
Company contributions to defined contribution pension schemes	162,829	160,000
	<u>215,397</u>	<u>195,205</u>

During the year retirement benefits were accruing to 4 directors (2021 - 4) in respect of defined contribution pension schemes.

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Interest receivable

	2022 £	2021 £
Other interest receivable	6,154	3,287
	<u>6,154</u>	<u>3,287</u>

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	9	49
Other loan interest payable	25,986	23,111
Finance leases and hire purchase contracts	33,322	14,246
	<u>59,317</u>	<u>37,406</u>

11. Dividends

	2022 £	2021 £
Ordinary dividends	240,000	240,000
	<u>240,000</u>	<u>240,000</u>

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	135,680	-
Adjustments in respect of previous periods	283	-
	<u>135,963</u>	<u>-</u>
Total current tax	<u>135,963</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	57,647	(23,580)
Changes to tax rates	-	64,677
	<u>57,647</u>	<u>41,097</u>
Total deferred tax	<u>57,647</u>	<u>41,097</u>
Taxation on profit on ordinary activities	<u>193,610</u>	<u>41,097</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>974,415</u>	<u>82,251</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	185,139	15,628
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	380
Capital allowances for year in excess of depreciation	(34,806)	(61,540)
Adjustments to brought forward values	(95)	-
Adjustments to tax charge in respect of prior periods	283	-
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	-	944
Short term timing difference leading to an increase (decrease) in taxation	29,255	(23,580)
Differential tax rate on deferred tax	13,834	64,677
Non-taxable income	-	(298)
Unrelieved tax losses carried forward	-	44,886
Total tax charge for the year	<u>193,610</u>	<u>41,097</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 2022

Tangible fixed assets

	Leasehold proven'ts £	Plant and machinery installation costs £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation							
At 1 October 2021	278,119	326,506	4,715,758	1,182,155	212,342	215,302	6,930,182
Additions	7,819	-	550,250	128,933	-	1,275	688,277
Disposals	-	-	(160,822)	(48,520)	-	-	(209,342)
At 30 September 2022	285,938	326,506	5,105,186	1,262,568	212,342	216,577	7,409,117
Depreciation							
At 1 October 2021	104,720	240,381	2,694,746	682,082	160,954	194,986	4,077,869
Charge for the year on owned assets	28,429	16,506	406,405	155,414	19,929	10,148	636,831
Charge for the year on financed assets	-	-	160,783	100,113	-	-	260,896
Disposals	-	-	(160,822)	(48,520)	-	-	(209,342)
At 30 September 2022	133,149	256,887	3,101,112	889,089	180,883	205,134	4,766,254
Net book value							
At 30 September 2022	152,789	69,619	2,004,074	373,479	31,459	11,443	2,642,863
At 30 September 2021	173,398	86,125	2,021,012	500,073	51,389	20,316	2,852,313

SHORTRIDGE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Tangible fixed assets (continued)

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

	2022	2021
	£	£
Plant and machinery	610,447	760,087
Motor vehicles	252,574	274,525
	<u>863,021</u>	<u>1,034,612</u>

14. Stocks

	2022	2021
	£	£
Linen stock	190,989	14,649
	<u>190,989</u>	<u>14,649</u>

15. Debtors

	2022	2021
	£	£
Trade debtors	1,560,714	1,661,059
Other debtors	233,519	229,859
Prepayments and accrued income	106,307	304,103
	<u>1,900,540</u>	<u>2,195,021</u>

16. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	3,349,205	2,783,221
	<u>3,349,205</u>	<u>2,783,221</u>

SHORTRIDGE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank loans	300,000	112,500
Trade creditors	300,989	153,476
Corporation tax	135,938	-
Other taxation and social security	686,735	774,348
Obligations under finance lease and hire purchase contracts	287,565	287,135
Other creditors	225,090	131,095
Accruals and deferred income	771,022	888,422
	<u>2,707,339</u>	<u>2,346,976</u>

Included within creditors falling due within one year is an amount of £300,000 (2021 - £112,500) relating to bank loans which are secured by the company.

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

	2022	2021
	£	£
Bank loans	600,000	1,387,500
Net obligations under finance leases and hire purchase contracts	656,476	589,397
	<u>1,256,476</u>	<u>1,976,897</u>

Included within creditors falling due after one year is an amount of £600,000 (2021 - £1,387,500) relating to bank loans which are secured by personal guarantees on three directors.

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

19. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
CBILS	300,000	112,500
	<u>300,000</u>	<u>112,500</u>
Amounts falling due 1-2 years		
CBILS	187,500	300,000
	<u>187,500</u>	<u>300,000</u>
Amounts falling due 2-5 years		
CBILS	412,500	1,087,500
	<u>412,500</u>	<u>1,087,500</u>
	<u>900,000</u>	<u>1,500,000</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	287,565	306,012
Between 1-5 years	656,476	626,224
	<u>944,041</u>	<u>932,236</u>

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

21. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	3,349,205	2,783,221
Financial assets that are debt instruments measured at amortised cost	1,794,233	1,890,635
	<u>5,143,438</u>	<u>4,673,856</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(2,034,925)</u>	<u>(2,542,588)</u>
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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

	2022 £	2021 £
At beginning of year	(246,168)	(205,071)
Charged to profit or loss	(57,647)	(41,097)
At end of year	<u>(303,815)</u>	<u>(246,168)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(314,333)	(315,214)
Pension provision	10,518	9,985
Losses	-	59,061
	<u>(303,815)</u>	<u>(246,168)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
4,000 (2021 - 4,000) Ordinary shares of £1.00 each	4,000	4,000
35,200 (2021 - 35,200) Ordinary A shares of £1.00 each	35,200	35,200
	<hr/>	<hr/>
	39,200	39,200
	<hr/>	<hr/>

24. 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 £254,950 (2021 - £232,917). Contributions totalling £42,074 (2021 - £37,277) were payable to the fund at the balance sheet date.

25. Commitments under operating leases

At 30 September 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	36,820	77,312
Later than 1 year and not later than 5 years	18,111	48,629
	<hr/>	<hr/>
	54,931	125,941
	<hr/>	<hr/>

The amount charged to the profit and loss account in respect of commitments under operating leases in the year amounted to £77,284 (2021 - £79,774).

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

26. Related party transactions

Energy Coast Laundry Ltd, a company controlled by the directors of Shortridge Ltd, owed Shortridge Ltd £238,108 at the year end (2021 - £229,576). The amount owed consists of a loan of £4,845 and the remaining balance of £233,263 relating to trading accounts. The loan is interest free and repayable on demand.

Key management personnel comprise the directors and the managing director. Their remuneration amounted to £319,432 (2021 - £309,326).

Rental payments were made to one of the directors, Io Strong, in the year for a property used by the directors when working at Lillyhall. The total payments made were £9,754. There were no balances payable at the year end.

Payments have been made to the Shortridge Directors SSAS totalling £149,014. There were no balances payable as at the year end.

27. Controlling party

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

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