

SHORTRIDGE LTD
FINANCIAL STATEMENTS
30 SEPTEMBER 2020

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

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Analysis of net debt	12
Notes to the financial statements	13 - 27

SHORTRIDGE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Introduction

The directors present their strategic report for Shortridge Ltd for the year ended 30th September 2020.

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.

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

	2020 £000's	2019 £000's
Turnover	6,822	10,450
Net (loss)/profit before tax	(299)	799
Profit after tax	(263)	764
Shareholder's funds	3,474	3,977
Current assets as % of current liabilities (quick ratio)	132%	137%
Average number of employees	206	238

Year on year turnover reduced by 35% due to the impact of closures in the hospitality industry during the COVID-19 pandemic.

Financial position at reporting date

The balance sheet shows a change in net assets from £4m to £3.5m in the period. The company delivered a net cash flow of £315,348 (2019: (£1,051,846)) and additional capital investments of £188,150; (2019: £1,024,300) despite a loss of £298,553 (2019: £799,273 profit) and shareholder's funds were reduced by 12.7% due to losses made caused by COVID-19.

SHORTRIDGE LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Principal risks and uncertainties

The board of directors continually assesses the principal risks facing the business as well as reviewing the controls used for managing these risks.

On March 11th 2020 the World Health Organisation declared a pandemic due to the COVID-19 virus. Management of the operational issues associated with the ongoing circumstances around this event formed a substantial consideration for the business throughout the year, and still continue to do so at the time of writing.

In Britain the UK Government imposed a shutdown on the hospitality industry between the end of March 2020 and early July 2020 (and subsequently again in November 2020 and January 2021). In addition to this complete operational shutdown, revenues were deeply impacted by lower than normal activity levels afterwards from July 2020 to the end of the financial year.

Efforts were made to mitigate fixed costs as much as possible during this time, and a CBILS loan has been agreed with the Company's bankers. Government guidelines with respect to employee, and customer safety have also had to be implemented resulting in changes to company procedures and giving rise to additional costs.

In the context of this environment, service performance, reliability, and COVID safety have been important in supporting the customer. Shortridge hopes to be flexible and reactive to customers' needs, and seeks to provide excellent service and attractive products. The business continues to be seen as very customer responsive compared to competitors and is widely respected.

In addition to COVID-19, the economic outlook due to the UK's withdrawal from the European Union continues to generate concern about inflation in the labour market. The problem is equally applicable to all laundry services companies. There are additional challenges in recruiting and retaining high quality staff due to business location. The company hopes to provide a welcoming, friendly, and fair workplace where there is attention to personal development and training, allied with good working conditions, and therefore good staff can be attracted and retained.

Managing IT risk and maintaining IT security is also important in the modern business environment and the company takes this very seriously and has a successful ongoing programme of improvement for the structure of the IT systems generally.

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

Ms I Strong
Director

Date: 30 June 2021

SHORTTRIDGE LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

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 loss for the year, after taxation, amounted to £262,564 (2019 - profit £764,066).

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.

SHORTRIDGE LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Ms I Strong

Director

Date: 30 June 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF SHORTRIDGE LTD

Opinion

We have audited the financial statements of Shortridge Ltd (the 'Company') for the year ended 30 September 2020, 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 2020 and of its loss 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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF SHORTRIDGE LTD (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. 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.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- 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, AS A BODY, 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.

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.

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.

Andrew Kennon (Senior statutory auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants

Statutory Auditors

Carlisle

30 June 2021

SHORTTRIDGE LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020 £	As restated 2019 £
Turnover	4	6,821,530	10,449,931
Cost of sales		(7,111,376)	(8,683,622)
Gross (loss)/profit		(289,846)	1,766,309
Administrative expenses		(1,405,197)	(1,220,095)
Other operating income	5	1,416,272	283,590
Operating (loss)/profit		(278,771)	829,804
Interest receivable and similar income	9	2,326	6,687
Interest payable and expenses	10	(22,108)	(37,218)
(Loss)/profit before tax		(298,553)	799,273
Tax on (loss)/profit	11	35,989	(35,207)
(Loss)/profit for the financial year		(262,564)	764,066

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 13 to 27 form part of these financial statements.

SHORTRIDGE LTD
REGISTERED NUMBER: 02853436

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	2,997,568	3,732,103
		2,997,568	3,732,103
Current assets			
Stocks	14	65,265	73,395
Debtors: amounts falling due within one year	15	1,839,278	1,984,826
Cash at bank and in hand	16	1,737,085	1,421,737
		3,641,628	3,479,958
Creditors: amounts falling due within one year	17	(2,753,308)	(2,531,202)
Net current assets		888,320	948,756
Total assets less current liabilities		3,885,888	4,680,859
Creditors: amounts falling due after more than one year	18	(206,809)	(455,166)
Provisions for liabilities			
Deferred tax	21	(205,071)	(249,121)
		(205,071)	(249,121)
Net assets		3,474,008	3,976,572
Capital and reserves			
Called up share capital	22	39,200	39,200
Profit and loss account		3,434,808	3,937,372
		3,474,008	3,976,572

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

Ms I Strong

Director

Date: 30 June 2021

The notes on pages 13 to 27 form part of these financial statements.

SHORTRIDGE LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 October 2018	39,200	3,533,306	3,572,506
Profit for the year	-	764,066	764,066
Dividends: Equity capital	-	(360,000)	(360,000)
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 30 September 2020	<u>39,200</u>	<u>3,434,808</u>	<u>3,474,008</u>

The notes on pages 13 to 27 form part of these financial statements.

SHORTRIDGE LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(262,564)	764,066
Adjustments for:		
Depreciation of tangible assets	875,541	713,649
Loss on disposal of tangible assets	(90,307)	(87,090)
Government grants	(100,000)	-
Interest paid	22,108	37,219
Interest received	(2,326)	(6,687)
Taxation charge	(35,989)	35,207
Decrease in stocks	8,130	321,090
Decrease/(increase) in debtors	145,546	(341,461)
Increase in creditors	133,891	18,818
Corporation tax (paid)	(58,884)	(22,850)
Net cash generated from operating activities	635,146	1,431,961
Cash flows from investing activities		
Purchase of tangible fixed assets	(188,150)	(1,024,300)
Sale of tangible fixed assets	137,452	167,804
Government grants received	100,000	-
Interest received	2,326	6,687
HP interest paid	(22,087)	(37,160)
Net cash from investing activities	29,541	(886,969)
Cash flows from financing activities		
Repayment of/new finance leases	(109,318)	(1,236,779)
Dividends paid	(240,000)	(360,000)
Interest paid	(21)	(59)
Net cash used in financing activities	(349,339)	(1,596,838)
Net increase/(decrease) in cash and cash equivalents	315,348	(1,051,846)
Cash and cash equivalents at beginning of year	1,421,737	2,473,583
Cash and cash equivalents at the end of year	1,737,085	1,421,737
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,737,085	1,421,737
	1,737,085	1,421,737

The notes on pages 13 to 27 form part of these financial statements.

SHORTRIDGE LTD

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	At 1 October 2019 £	Cash flows £	At 3 September 2020
Cash at bank and in hand	1,421,737	315,348	1,737,085
Debt due within 1 year	(22,412)	(72,289)	(94,701)
Finance leases	(871,738)	109,318	(762,420)
	<u>527,587</u>	<u>352,377</u>	<u>879,964</u>

The notes on pages 13 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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 Going concern

The company has net current assets of £888,320, following a loss of £262,564 in the year.

On 11 March 2020, the World Health Organisation declared the COVID-19 Virus a pandemic, following which a series of new measures were implemented by the government in United Kingdom, together with other countries in the World.

The company has availed itself of government support during the Covid-19 pandemic, in the form of the Job Retention Scheme. The company has also been granted asset finance payment holidays from its lenders. Since the balance sheet date the company has also obtained additional funding via the Coronavirus Business Interruption Loan Scheme.

In light of COVID-19, management have reviewed the current business status, and have no intentions of ceasing the Company or liquidating. This together with the above support provides the company with the required liquid reserves and enables the company to meet its liabilities as they fall due for a minimum of twelve months from the approval of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.3 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.

2.4 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 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 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.

2.6 Interest income

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

2.7 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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	-	between 10-50% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	between 10-35% 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.15 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.

2.16 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 2020**

2. Accounting policies (continued)

2.17 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.

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.

(b) Providing for doubtful debts

the company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

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 2020

5. Other operating income

	2020	<i>As restated</i>
	£	2019
		£
Government grants received	1,194,301	-
Management charges	221,971	283,590
	<u>1,416,272</u>	<u>283,590</u>

6. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £7,500 (2019 - 5,465).

7. Employees

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	4,007,757	4,608,496
Social security costs	301,582	361,082
Cost of defined contribution scheme	237,838	68,804
	<u>4,547,177</u>	<u>5,038,382</u>

The average monthly number of employees, including directors, during the year was 206 (2019 - 238).

8. Directors' remuneration

	2020	2019
	£	£
Company contributions to defined contribution pension schemes	160,000	-
	<u>160,000</u>	<u>-</u>

During the year retirement benefits were accruing to no directors (2019 - NIL) in respect of defined contribution pension schemes.

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

9. Interest receivable

	2020 £	2019 £
Other interest receivable	2,326	6,687
	<u>2,326</u>	<u>6,687</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	21	59
Finance leases and hire purchase contracts	22,087	37,159
	<u>22,108</u>	<u>37,218</u>

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	9,086	63,094
Adjustments in respect of previous periods	(1,025)	(108,918)
	<u>8,061</u>	<u>(45,824)</u>
Total current tax	<u>8,061</u>	<u>(45,824)</u>
Deferred tax		
Origination and reversal of timing differences	(44,050)	81,031
Total deferred tax	<u>(44,050)</u>	<u>81,031</u>
Taxation on (loss)/profit on ordinary activities	<u>(35,989)</u>	<u>35,207</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(298,552)</u>	<u>799,273</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(56,725)	151,862
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,583	3,183
Capital allowances for year in excess of depreciation	65,799	(13,528)
Adjustments to tax charge in respect of prior periods	(1,025)	(108,918)
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	(1,571)	2,608
Short term timing difference leading to an increase (decrease) in taxation	<u>(44,050)</u>	<u>-</u>
Total tax charge for the year	<u>(35,989)</u>	<u>35,207</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2020 £	2019 £
Ordinary dividends	<u>240,000</u>	<u>360,000</u>
	<u>240,000</u>	<u>360,000</u>

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

13. Tangible fixed assets

	Leasehold Improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 October 2019	630,818	4,635,642	1,172,476	376,509	-	6,815,445
Additions	10,925	105,898	45,173	26,155	-	188,151
Disposals	(266,748)	(112,676)	(59,070)	(4,009)	-	(442,503)
Transfers between classes	208,660	(208,660)	-	(199,762)	199,762	-
At 30 September 2020	583,655	4,420,204	1,158,579	198,893	199,762	6,561,093
Depreciation						
At 1 October 2019	292,637	2,115,122	402,109	273,474	-	3,083,342
Charge for the year on owned assets	39,235	550,258	237,702	48,346	-	875,541
Disposals	(221,322)	(110,957)	(59,070)	(4,009)	-	(395,358)
Transfers between classes	186,030	(186,030)	-	(184,235)	184,235	-
At 30 September 2020	296,580	2,368,393	580,741	133,576	184,235	3,563,525
Net book value						
At 30 September 2020	287,075	2,051,811	577,838	65,317	15,527	2,997,568

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

13. Tangible fixed assets (continued)

At 30 September 2019	<u>338,181</u>	<u>2,520,520</u>	<u>770,367</u>	<u>103,035</u>	<u>-</u>	<u>3,732,103</u>
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The transfers between classes from fixtures and fittings refer to assets which the directors felt would be more appropriate shown as a separate class under office equipment.

The transfers between classes from plant and machinery refer to assets of a similar nature to those included in leasehold improvements so the transfer was deemed appropriate.

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

	2020 £	2019 £
Plant and machinery	686,636	676,026
Motor vehicles	230,177	207,462
	<u>916,813</u>	<u>883,488</u>

14. Stocks

	2020 £	2019 £
Linen stock	65,265	73,395
	<u>65,265</u>	<u>73,395</u>

15. Debtors

	2020 £	2019 £
Trade debtors	1,375,090	1,596,342
Other debtors	290,755	279,500
Prepayments and accrued income	173,433	108,984
	<u>1,839,278</u>	<u>1,984,826</u>

SHORTRIDGE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,737,085	1,421,737
	<u>1,737,085</u>	<u>1,421,737</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	706,711	687,687
Corporation tax	12,271	63,094
Other taxation and social security	698,685	471,014
Obligations under finance lease and hire purchase contracts	555,611	416,572
Other creditors	95,361	62,943
Accruals and deferred income	684,669	829,892
	<u>2,753,308</u>	<u>2,531,202</u>

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	206,809	455,166
	<u>206,809</u>	<u>455,166</u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	529,219	416,572
Between 1-5 years	207,087	455,166
	<u>736,306</u>	<u>871,738</u>

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

20. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,737,085	1,421,737
Financial assets that are debt instruments measured at amortised cost	1,665,845	1,875,839
	<u>3,402,930</u>	<u>3,297,576</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,392,039)</u>	<u>(1,517,576)</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 creditors and accruals and deferred income.

21. Deferred taxation

	2020 £	2019 £
At beginning of year	(249,121)	(168,090)
Charged to profit or loss	44,050	(81,031)
At end of year	<u>(205,071)</u>	<u>(249,121)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(211,715)	(256,011)
Pension surplus	6,129	6,890
General provisions	515	-
	<u>(205,071)</u>	<u>(249,121)</u>

SHORTRIDGE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
4,000 (2019 - 4,000) Ordinary shares of £1.00 each	4,000	4,000
35,200 (2019 - 35,200) Ordinary A shares of £1.00 each	35,200	35,200
	<hr/>	<hr/>
	39,200	39,200
	<hr/>	<hr/>

23. Restatement of comparatives

In the prior year management fees receivable from a related company were included in revenue. The directors believe that these amounts are more appropriately classified as other income. As such, the comparative figures have been restated to reflect this. The effect of this adjustment has been to:

- reduce revenue by £283,590
- increase other income by £283,590

This restatement has had no impact on the overall profit for the year or balance sheet position for either the current or comparative financial period.

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 £237,838 (2019 - £68,804). Contributions totalling £32,259 (2019 - £38,511) were payable to the fund at the balance sheet date.

25. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	76,340	79,960
Later than 1 year and not later than 5 years	123,268	217,639
Later than 5 years	-	162,900
	<hr/>	<hr/>
	199,608	460,499
	<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 (2019 - £72,022).

26. Related party transactions

Energy Coast Laundry Ltd, a company controlled by the directors of Shortridge Ltd, owed Shortridge Ltd £290,755 at the year end (2019 - £278,036). This loan is interest free and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

27. Controlling party

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

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