

Company Registration No. 05103812 (England and Wales)

UNITECH SERVICES GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

COPY FOR SUBMISSION TO THE
REGISTRAR OF COMPANIES

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UNITECH SERVICES GROUP LIMITED

COMPANY INFORMATION

Directors	R Croatti G Bakevich S Sintros
Secretary	S Sintros
Company number	05103812
Registered office	Ruthlyn House 90 Lincoln Road Peterborough PE1 2SP
Auditor	Rawlinsons Chartered Accountants Ruthlyn House 90 Lincoln Road Peterborough Cambridgeshire PE1 2SP
Business address	Unit 5 Oakwood Close Pen-Y-Fan Industrial Estate Crumlin South Wales NP11 3HY

UNITECH SERVICES GROUP LIMITED

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UNITECH SERVICES GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present the strategic report for the year ended 31 August 2016.

Fair review of the business

The Oakdale facility has now been operating for nearly 7 years and the business has seen a steady growth in revenue and profit over that period.

The Directors have in place a series of operational and financial controls that will preserve that profitability for future years and have long term contracts with major customers in the UK. This will provide security and the potential for further growth.

Following another successful year the Directors are pleased to have maintained OHSAS 18001 for Health and Safety and ISO9001 (for quality) and 14001 (for Environment) certifications. A recent employee survey and Investors in People 18 month review indicated a positive staff morale.

The company has now been operating its own vehicles for the year and is looking for new opportunities in this area.

Principal risks and uncertainties

The Directors recognise the inherent risks of operating within the nuclear industry and have in place strategies to minimise exposure in all areas where risk exists. Principal amongst those risks facing the business are:

- Political commitment to the future growth of the nuclear energy sector in the UK
- Government funding for the accelerated decommissioning of nuclear installations and any project management changes that affect the business
- Customer willingness to consume non-launderable garments
- Operational risks are mitigated by the availability of capacity within our sister plant in Holland.

The company continues to monitor and control its principal assets of stock, trade debtors and loans in such a manner as to maximise the company's operations in a volatile market.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Development and performance

The Balance Sheet shows considerable improvement in the company's financial position over the past year. The Profit and Loss account shows a consolidation of the performance.

Details of debtors are shown in note 11 and details of creditors are shown in note 12 and 13.

UNITECH SERVICES GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators

Commercial indicators

Revenue per pound of laundry processed

Number of respirators per hour processed

Health and safety indicators

Number of workplace or reportable accidents

Lost time due to accidents in days

Maintain a healthy safety culture and reporting of near misses

Environment

Maintain and exceed all the environmental legislation that relates to the Company

Trending of gas, electric and water consumption per pound of laundry processed

Reduce the amount of waste going to landfill

Quality

Maintain ISO9001, 14001 and OSHAS 18001 accreditation

Undertake an annual customer satisfaction survey

Maintain rejects found at customer site to below 0.1% of processing

Radiological indicators

Personal contamination events

Annual dose for all < 1 man/mSv per year

On behalf of the board



G Bakevich

Director

31/1/17

UNITECH SERVICES GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their annual report and financial statements for the year ended 31 August 2016.

Principal activities

The principal activity of the company continues to be the radiological decontamination and laundry of garments and other items associated with the nuclear industry. In addition to this the company took on more work in its scaffold monitoring and recycling service.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Croatti
G Bakevich
S Sintros

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

The directors have consolidated Unitech Services Group Limited position for providing an efficient and effective laundry processing service in the Nuclear industry, and are the first contingency choice for facilities that are carrying out their own laundry processing. The directors also see the potential for growth of other revenue streams at the Oakdale Facility. One key area for potential growth is the successful bid for a tool and metal decontamination services for a major customer in the UK which has provided an additional revenue stream.

The directors achieved Investors in People early in 2015 to complement the existing ISO certifications.


Auditor

The auditors, Rawlinsons Chartered Accountants, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


.....
G. Bakevich
Director
31/1/17
.....

UNITECH SERVICES GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 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.

UNITECH SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITECH SERVICES GROUP LIMITED

We have audited the financial statements of Unitech Services Group Limited for the year ended 31 August 2016 set out on pages 20 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

UNITECH SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF UNITECH SERVICES GROUP LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- the company is entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.



Graham Jones BA FCA (Senior Statutory Auditor)
for and on behalf of Rawlinsons Chartered Accountants

31/2/17

Chartered Accountants
Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

UNITECH SERVICES GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Turnover	3	4,588,855	4,917,116
Cost of sales		(2,088,367)	(1,936,130)
Gross profit		2,500,488	2,980,986
Distribution costs		(287,997)	(304,189)
Administrative expenses		(1,264,818)	(1,256,581)
Other operating income		9,435	9,395
Operating profit	4	957,108	1,429,611
Interest payable and similar charges	6	(6,538)	(35,574)
Profit before taxation		950,570	1,394,037
Taxation	7	(219,667)	(316,837)
Profit for the financial year		730,903	1,077,200

The profit and loss account has been prepared on the basis that all operations are continuing operations.

UNITECH SERVICES GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2016

	2016 £	2015 £
Profit for the year	730,903	1,077,200
Other comprehensive income	-	-
Total comprehensive income for the year	<u>730,903</u>	<u>1,077,200</u>

UNITECH SERVICES GROUP LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	8		2,589,468		3,007,252
Current assets					
Stocks	10	506,893		710,416	
Debtors	11	913,541		903,733	
Cash at bank and in hand		1,947,883		1,458,067	
		<u>3,368,317</u>		<u>3,072,216</u>	
Creditors: amounts falling due within one year	12	<u>(611,375)</u>		<u>(1,458,143)</u>	
Net current assets			2,756,942		1,614,073
Total assets less current liabilities			5,346,410		4,621,325
Creditors: amounts falling due after more than one year	13		(284,541)		(287,715)
Provisions for liabilities	16		(353,643)		(356,287)
Net assets			<u>4,708,226</u>		<u>3,977,323</u>
Capital and reserves					
Called up share capital	20		1,000		1,000
Share premium account			99,000		99,000
Profit and loss reserves			4,608,226		3,877,323
Total equity			<u>4,708,226</u>		<u>3,977,323</u>

The financial statements were approved by the board of directors and authorised for issue on 31/1/17 and are signed on its behalf by:



 G Bakevich
 Director

Company Registration No. 05103812

UNITECH SERVICES GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 September 2014		1,000	99,000	2,800,123	2,900,123
Year ended 31 August 2015:					
Profit and total comprehensive income for the year		-	-	1,077,200	1,077,200
Balance at 31 August 2015		1,000	99,000	3,877,323	3,977,323
Year ended 31 August 2016:					
Profit and total comprehensive income for the year		-	-	730,903	730,903
Balance at 31 August 2016		1,000	99,000	4,608,226	4,708,226

UNITECH SERVICES GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	24	1,749,046		2,039,304	
Interest paid		(6,538)		(35,574)	
Income taxes paid		(305,733)		(352,042)	
Net cash inflow from operating activities		<u>1,436,775</u>		<u>1,651,688</u>	
Investing activities					
Purchase of tangible fixed assets		(54,459)		(156,496)	
Proceeds on disposal of tangible fixed assets		-		8,321	
Net cash used in investing activities		<u>(54,459)</u>		<u>(148,175)</u>	
Financing activities					
Repayment of bank loans		(900,000)		(1,650,000)	
Payment of finance leases obligations		7,500		(2,065)	
Net cash used in financing activities		<u>(892,500)</u>		<u>(1,652,065)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>489,816</u>		<u>(148,552)</u>	
Cash and cash equivalents at beginning of year		<u>1,458,067</u>		<u>1,606,619</u>	
Cash and cash equivalents at end of year		<u><u>1,947,883</u></u>		<u><u>1,458,067</u></u>	

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Company information

Unitech Services Group Limited is a company limited by shares incorporated in England and Wales. The registered office is Ruthlyn House, 90 Lincoln Road, Peterborough, PE1 2SP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2016 are the first financial statements of Unitech Services Group Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Unitech Services Group Limited is a wholly owned subsidiary of Unifirst Corporation. The results of Unitech Services Group Limited are included in the consolidated financial statements of Unifirst Corporation, a company incorporated in the USA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	2.8%, 6.6% and 10% straight line
Plant and machinery	6.6%, 10% and 20% Straight line
Fixtures, fittings and equipment	33.3% and 12.5% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Circulating inventory is being amortised over 15, 24 or 36 months.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.16 Asset decommissioning provision

The legal obligations of the nuclear industry require costs to be incurred in the future for the decommissioning of the plant. These costs can be forecasted based upon similar experiences within the group. In order to show a true and fair view and to be consistent with other companies in the group, the directors have decided that provisions for decommissioning costs should be made in accordance with group policy. A provision is made in accordance with ASC 410-20 for consistency, this is not materially different to UK GAAP.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Direct sales	774,508	767,293
Laundry processing and garment leasing and repair	3,814,347	4,149,823
	<u>4,588,855</u>	<u>4,917,116</u>

Other significant revenue

Grants received	<u>9,355</u>	<u>9,355</u>
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Turnover analysed by geographical market

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (losses)/gains	3,351	(2,886)
Government grants	(9,355)	(9,355)
Fees payable to the company's auditor for the audit of the company's financial statements	6,250	6,755
Depreciation of owned tangible fixed assets	472,243	469,414
Profit/(loss) on disposal of tangible fixed assets	-	17,585
Cost of stocks recognised as an expense	605,875	676,506
Impairment of stocks recognised or reversed	<u>161,701</u>	<u>136,837</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Office and management	9	9
Sales staff	2	2
Production	34	30
	<u>45</u>	<u>41</u>

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,136,407	1,036,488
Social security costs	109,040	97,376
Pension costs	24,187	11,087
	<u>1,269,634</u>	<u>1,144,951</u>

6 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>6,538</u>	<u>35,574</u>

7 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	<u>248,866</u>	<u>331,733</u>
Deferred tax		
Origination and reversal of timing differences	<u>(29,199)</u>	<u>(14,896)</u>
Total tax charge	<u>219,667</u>	<u>316,837</u>

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	950,570	1,394,037
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	190,114	278,807
Tax effect of expenses that are not deductible in determining taxable profit	5,041	8,325
Effect of change in corporation tax rate	-	9,362
Deferred tax movement	(29,199)	(14,896)
Capital allowances	(38,867)	(56,773)
Depreciation add back	92,578	92,012
Tax expense for the year	219,667	316,837

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 September 2015	4,117,013	2,222,684	70,828	6,410,525
Additions	3,426	44,051	6,982	54,459
At 31 August 2016	4,120,439	2,266,735	77,810	6,464,984
Depreciation and impairment				
At 1 September 2015	1,937,755	1,410,037	55,481	3,403,273
Depreciation charged in the year	284,520	176,452	11,271	472,243
At 31 August 2016	2,222,275	1,586,489	66,752	3,875,516
Carrying amount				
At 31 August 2016	1,898,164	680,246	11,058	2,589,468
At 31 August 2015	2,179,258	812,647	15,347	3,007,252

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	7,500	-
Depreciation charge for the year in respect of leased assets	-	-

Freehold land and buildings includes capitalised finance costs of £131,039.

9 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	757,026	760,505
Carrying amount of financial liabilities		
Measured at amortised cost	373,114	1,188,929

10 Stocks

	2016 £	2015 £
Finished goods and goods for resale	506,893	710,416

11 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	721,539	758,672
Amounts due from fellow group undertakings	422	736
Other debtors	35,065	1,097
Prepayments and accrued income	72,627	62,206
	829,653	822,711
Amounts falling due after one year:		
Deferred tax asset (note 17)	83,888	81,022
Total debtors	913,541	903,733

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	14	-	900,000
Obligations under finance leases	15	1,318	-
Trade creditors		71,453	96,076
Amounts due to group undertakings		120,485	80,874
Corporation tax		114,866	171,733
Other taxation and social security		129,577	97,481
Other creditors		4,750	-
Accruals and deferred income		168,926	111,979
		<u>611,375</u>	<u>1,458,143</u>

13 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	15	6,182	-
Government grants	18	278,359	287,715
		<u>284,541</u>	<u>287,715</u>

14 Loans and overdrafts

	2016 £	2015 £
Bank loans	-	900,000
	<u>-</u>	<u>900,000</u>
Payable within one year	-	900,000
	<u>-</u>	<u>900,000</u>

The security on the loan was provided by UniFirst Corporation and UniTech Services Group Inc.

15 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	1,318	-
In two to five years	6,182	-
	<u>7,500</u>	<u>-</u>

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

16 Provisions for liabilities

		2016 £	2015 £
Asset decommissioning provision		339,538	315,849
Deferred tax liabilities	17	14,105	40,438
		<u>353,643</u>	<u>356,287</u>

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Asset decommissioning provision £
At 1 September 2015	315,849
Unwinding of discount	23,689
At 31 August 2016	<u>339,538</u>

Refer to accounting policy 1.16 for information regarding the asset decommissioning provision.

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Balances:				
Accelerated capital allowances	14,105	40,438	-	-
Other timing differences	-	-	83,888	81,022
	<u>14,105</u>	<u>40,438</u>	<u>83,888</u>	<u>81,022</u>

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Deferred taxation

(Continued)

	2016 £
Movements in the year:	
Liability/(Asset) at 1 September 2015	(40,584)
Credit to profit or loss	(29,199)
Liability/(Asset) at 31 August 2016	<u>(69,783)</u>

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within the foreseeable future and relates to accelerated capital allowances that are expected to mature within the same period.

18 Government grants

The company received a £300,000 Single Investment Fund grant in 2009 and an additional £70,968 RSA grant in 2013. The grants received are shown as deferred income in the balance sheet and released to the profit and loss account over the expected useful life of the asset for which they were provided being 35 years.

Refer to note 4 operating profit for amounts credited to profit and loss in the year.

19 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>24,187</u>	<u>11,087</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2016 £	2015 £
Ordinary share capital		
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

UNITECH SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

21 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	68,457	46,551
Between two and five years	70,495	89,663
	<u>138,952</u>	<u>136,214</u>

22 Related party transactions

As a wholly-owned subsidiary undertaking, the company has taken advantage of the exemption contained in Section 33 of FRS102 and has not disclosed transactions or balances with entities which form part of the group.

There were no other related party transactions during the year.

23 Controlling party

The immediate parent company is Unitech Services Group Inc., which is registered in the United States.

The ultimate parent company is UniFirst Corporation, which is also registered in the United States.

No one individual has a controlling interest in the company.

24 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	730,903	1,077,200
Adjustments for:		
Taxation charged	219,667	316,837
Finance costs	6,538	35,574
(Gain)/loss on disposal of tangible fixed assets	-	17,585
Depreciation and impairment of tangible fixed assets	472,243	469,414
Increase in provisions	23,689	22,036
Movements in working capital:		
Decrease in stocks	203,523	50,754
(Increase)/decrease in debtors	(6,942)	95,972
Increase/(decrease) in creditors	108,781	(36,713)
(Decrease) in deferred income	(9,356)	(9,355)
Cash generated from operations	<u>1,749,046</u>	<u>2,039,304</u>