

Elis UK Limited (formerly Berendsen UK Limited)

Report and financial statements

Year ended 31 December 2019



Company Registration Number: 228604

Elis UK Limited (formerly Berendsen UK Limited)

Strategic report

The Directors present their strategic report of the Company for the year ended 31 December 2019.

Principal activities

The Company's main role is the provision of shared support services to the trading entities of Elis SA in the UK. These services include IT, accounting, HR, procurement and legal support. The provision of these services is governed by an agreement between Elis UK Ltd and its subsidiaries.

Review of business and future developments

Revenues for the year ended 31 December 2019 amounted to £32.5 million (2018: £27.3million).

The profit (continuing operations) for the year ended 31 December 2019, after taxation, amounted to £3.7 million (2018: loss £5.8 million).

On 31 October 2019, the Company completed the sale of its subsidiary IHSS Limited for £18.7million. As a result, the Company has impaired the intragroup balance due to it from IHSS Limited as at 31 December 2018 by £6.4 million.

In June and September 2019, the majority of the Company's dormant subsidiaries either applied to be struck off by Companies House or had their share capital and other reserves reduced ready to be struck off. As a result, fixed asset investments reduced by £129.7 million, with an equal reduction in intragroup balances due in excess of 1 year. Additionally the profit and loss account shows intragroup dividend income of £129.7 million with a similar amount as impairment of fixed asset investments.

On 29 December 2019, the Company changed its name from Berendsen UK Limited to Elis UK Limited

On 1 January 2020, the Company acquired all the operations of its trading subsidiaries, Berendsen Cleanroom Limited, Berendsen Healthcare Limited, Berendsen Hospitality Limited and Berendsen Workwear Limited. On that date, all properties, assets, liabilities, staff and customers of these companies were transferred to Elis UK Limited.

The company will continue to focus on its core activities and will also look at inorganic growth opportunities.

Further discussion of the key indicators used to evaluate the performance of the Company, in the context of Elis SA (the Company's ultimate parent undertaking) as a whole, are provided in the group's annual report which does not form part of this report. A full business review is also provided in the group's annual report.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are the operation of the contracts referred to above as well as the exposure to public sector markets with strong budget pressures. Further discussion of these risks and uncertainties, in the context of the group as a whole is provided in Elis SA's annual report which does not form part of this report.

On behalf of the board


Werner Dreyer
Director

29 January 2021

Elis UK Limited (formerly Berendsen UK Limited)

Directors' report

The Directors present their annual report and audited financial statements of the Company for the year ended 31 December 2019.

Dividends

The Directors do not recommend the payment of a dividend (2018: £nil).

Directors

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

Werner Dreyer	(appointed 20 July 2020)
Mark Franklin	
Richard O'Brien	
Mark South	(resigned 20 July 2020)

Directors' indemnities

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

Employees

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

Financial risk management

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

Credit risk

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

Interest rate cash flow risk

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

Political donations

The Company made no political contributions during the year (2018 - £nil).

Elis UK Limited (formerly Berendsen UK Limited)

Directors' report (continued)

Post balance sheet event

The Directors have reviewed the potential effects of the COVID-19 virus on the Company. The Company trades in the Healthcare, Hospitality and Workwear laundry sectors. All sectors have been adversely affected. The ultimate parent company Elis SA has issued a letter of comfort in favour of Berendsen UK group companies underwriting all intra-group balances and investments. Elis SA has audited net assets of €8.2 billion as at 31 December 2019. The net assets of the Company at 31 December 2019 are £81.7 million. On this basis, the Directors conclude that the Company is in a relatively strong financial position to manage the economic effects of COVID-19. In May 2020 the company completed the acquisition of Central Laundry Limited. The company is based in Burton upon Trent and is active in the Healthcare segment.

Section 172 reporting

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

Disclosure of information to the auditor

Each Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware, as a director, of any relevant audit information and to establish that the auditor is aware of that information. As far as the Directors are aware, there is no relevant audit information of which the auditor is unaware.

This report was approved by the board on 29 January 2021 and signed on its behalf by:


Werner Dreyer
Director

Elis UK Limited (formerly Berendsen UK Limited)

Independent auditor's report

to the Members of Elis UK Limited (formerly Berendsen UK Limited)

Opinion

We have audited the financial statements of Elis UK Limited (formerly Berendsen UK Limited) for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes. 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), including FRS 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- o give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- o have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- o have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter - Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the Company's financial statements, which is not modified, we draw your attention to the Directors' view on the impact of the COVID-19 as disclosed on page 22. Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK. The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the Company's trade and the wider economy.

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:

- o the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- o 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the strategic and directors' reports, other than the financial statements and our auditor's 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.

Elis UK Limited (formerly Berendsen UK Limited)

Independent auditor's report (continued)

to the Members of Elis UK Limited (formerly Berendsen UK Limited)

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Use of the audit report

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



David Herbinet (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

United Kingdom
29 January 2021

Elis UK Limited (formerly Berendsen UK Limited)

Statement of Comprehensive Income for the year ended 31 December 2019

	Notes	Year ended 31 December 2019 £m	Year ended 31 December 2018 £m
Revenue	2	32.5	27.3
Cost of Sales		(3.0)	(2.2)
Gross profit		<u>29.5</u>	<u>25.1</u>
Distribution expenses		(1.3)	(0.5)
Administrative expenses		(24.5)	(22.3)
Other operating items	6	(1.3)	(8.4)
Operating profit/(loss)	3	<u>2.4</u>	<u>(6.1)</u>
<i>Analysed as:</i>			
Operating profit before exceptional items		3.7	2.3
Exceptional costs	6	(1.3)	(8.4)
		<u>2.4</u>	<u>(6.1)</u>
Income from subsidiaries		132.0	7.4
Impairment of fixed asset investments		(100.5)	(7.4)
Loss on disposal of subsidiary		(23)	-
		<u>10.7</u>	<u>(6.1)</u>
Finance income	7	2.2	2.1
Finance costs	8	(4.6)	(2.0)
Profit/(loss) before taxation		<u>8.3</u>	<u>(6.0)</u>
Taxation	9	(4.6)	0.2
Profit/(loss) for the year		<u>3.7</u>	<u>(5.8)</u>
<i>Other Comprehensive Income/(expense)</i>			
Foreign exchange movement		(1.6)	0.7
Share based payment deferred tax release		-	0.2
Total Comprehensive income/(expense) for the year		<u>2.1</u>	<u>(4.9)</u>

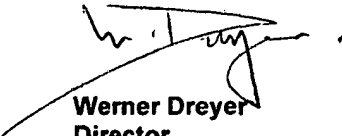
Elis UK Limited (formerly Berendsen UK Limited)

Balance Sheet

As at 31 December 2019

	Note	2019 £m	2018 £m
Assets			
Fixed assets			
Intangible assets	11	2.9	2.9
Property, plant and equipment	12	3.6	5.7
Right of use assets	13	46.8	-
Investments	14	9.4	139.2
Deferred tax asset	10	-	0.9
		<u>62.7</u>	<u>148.7</u>
Current assets			
Inventories	15	5.1	5.4
Debtors	16	329.3	304.3
Cash and cash equivalents		6.1	42.9
		<u>340.5</u>	<u>352.6</u>
Current liabilities			
Amounts falling due within one year	18	(61.2)	(113.5)
Short term lease liabilities	20	(7.0)	-
		<u>(68.2)</u>	<u>(113.5)</u>
Net current assets		272.3	239.1
Creditors: amounts falling due after more than one year	19	(207.9)	(307.5)
Long term lease liabilities	20	(40.9)	-
Deferred tax liability	10	(4.5)	(0.7)
Net assets		<u>81.7</u>	<u>79.6</u>
Equity			
Share capital	21	3.6	3.6
Other reserves		16.3	16.3
Retained earnings		61.8	59.7
Total shareholder's funds		<u>81.7</u>	<u>79.6</u>

were approved and authorised for issue by the Board of Directors on 29 January 2021. They were signed on its behalf by:


Werner Dreyer
 Director

Elis UK Limited (formerly Berendsen UK Limited)

Statement of changes in equity

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 31 December 2017	3.6	16.3	64.6	84.5
Loss for the year	-	-	(5.8)	(5.8)
<i>Other Comprehensive Income</i>				
Foreign exchange movement	-	-	0.7	0.7
Share based payment deferred tax release	-	-	0.2	0.2
	-	-	0.9	0.9
At 31 December 2018	<u>3.6</u>	<u>16.3</u>	<u>59.7</u>	<u>79.6</u>
Profit for the year	-	-	3.7	3.7
<i>Other Comprehensive Income</i>				
Foreign exchange movement	-	-	(1.6)	(1.6)
	-	-	(1.6)	(1.6)
At 31 December 2019	<u>3.6</u>	<u>16.3</u>	<u>61.8</u>	<u>81.7</u>

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019

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

1 Accounting policies

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

Accounting convention

These financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS101) and are presented as required by the Companies Act 2006 on a going concern basis under the historical cost convention.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, disclosure of key management personnel compensation and certain related party transactions.

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

The Company is exempt from preparing consolidation financial statements under section 400 of the Companies Act 2006 as it is included within the consolidated financial statements of its ultimate and controlling parent undertaking

IFRS16 - leases

IFRS 16 "lease contracts became effective for reporting periods commencing on or after from 1 January 2019. The Company has adopted IFRS 16 from 1 January 2019 using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS16 was recognised as an adjustment recorded as at the date of first time adoption, without a retrospective restatement of comparative information.

The Company has lease agreements in place in respect of properties, vehicles and plant and machinery. Previously, each lease contract was categorised as either a finance lease or as an operating lease and accounted for accordingly. On application of IFRS 16, all lease contracts are now recognised as right-of-use assets with an amount recognised in lease liabilities corresponding to the value of future payments. The lease term is defined on a contract-by-contract basis and corresponds to the firm period of the commitment taking into account any optional periods that are reasonably certain to be exercised.

The transition method applied was the modified retrospective approach. The contractual rents corresponding to low value or to a short term lease (less than 12 months) are recognised directly in expenses. Contracts with a residual term of less than 12 months as at 1 January 2019 are not accounted for as an asset and a liability.

The discount rate applied as of the transition date was between 1% and 5.5%, which is based on the Elis SA group's marginal borrowing rate and dependent on the term of the lease agreement.

Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency') 'Pounds Sterling' (£).

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Intangible assets - computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (not exceeding five years).

Property, plant and equipment

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

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

Freehold land	no depreciation
Freehold buildings	- 40 years
Long leasehold	by equal instalments over the period of the lease
Plant and Machinery	- 3 to 10 years
Circulating stock	- 1 to 3 years

Investments

Investments are initially stated at cost. Investments are tested for impairment when an event that might affect asset value has occurred. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future cash flows from the investment.

Inventories

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

Derivative financial instruments

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

Financial instruments

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

Non-derivative financial assets are classified as either debtors or cash. Financial assets are stated at the lower of their initial cost and their estimated recoverable amount. Cash includes cash in hand and deposits held on call with banks. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Debtors

Debtors are recognised initially at fair value and subsequently at the initial value, less any provision for bad debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash deposits held at banks.

Creditors

Creditors are initially recognised at fair value and subsequently at the initial value.

Revenue recognition

Revenue represents amounts charged for the supply of services to certain group undertakings. Revenue is recognised on the supply of services at the time those services are supplied.

Pension costs

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

Exceptional items

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

Current and deferred income tax

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits/losses and its results as stated in the financial statements.

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

Significant accounting judgements, estimates and assumptions

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

Estimates, assumptions and judgements are applied by the Company. These include, but are not limited to, accruals and provisions for impairments of assets. These estimates, assumptions and judgements are also evaluated on a continual basis but are not significant.

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

Impact of restatement due to first time application of IFRS16

The following tables present the impact of the first application of IFRS 16

Balance sheet extract

	restated 1 January 2019 £m	IFRS 16 impact £m	previously £m
Right of use assets	36.8	(36.8)	-
Short term lease liabilities	(7.4)	7.4	-
Long term lease liabilities	(29.4)	29.4	-

Reconciliation of lease liabilities on the date of transition with the off-balance sheet commitment at 31 December 2018

Commitments given under operating leases 31 December 2018	£m
	47.5
Adjustment for break clauses in property leases	0.3
Effect of discounting	(11.0)
Lease liabilities at 1 January 2019 after first time application of IFRS16	<u>36.8</u>

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Revenue

The whole of the revenue is attributable to the principal activity of the company, which is one class of business. All revenue arose within the United Kingdom.

3 Operating profit/(loss)

	2019	2018
	£m	£m
Operating profit/(loss) is stated after charging		
Depreciation of property plant and equipment	1.6	1.6
Amortisation of intangible assets	1.5	1.2
Operating lease charges		
plant and machinery	0.2	0.4
property	-	0.2
	<hr/>	<hr/>
Fees payable to the Company's auditor for the audit of:		
the Company's annual financial statements	0.2	0.3
the Company's subsidiaries' financial statements	0.1	0.1

4 Staff costs

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

	2019	2018
	£m	£m
Wages and salaries	10.4	10.3
Social security costs	1.5	1.2
Other pension costs	1.0	0.9
Share-based payment charge	-	(0.1)
	<hr/>	<hr/>
	12.9	12.3

Employee numbers

The average monthly number of employees (including executive directors) all who work in administration, was 146 (31 December 2018: 200).

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Directors' emoluments

	2019 £m	2018 £m
<i>Directors remunerated by the Company</i>		
Aggregate emoluments	0.4	0.8
Company contributions to pension scheme	-	-
	<u>0.4</u>	<u>0.8</u>
<i>Highest paid director remunerated by the Company</i>		
Aggregate emoluments	0.3	0.3
	<u>0.3</u>	<u>0.3</u>

6 Other operating costs and exceptional items

	2019 £m	2018 £m
<i>Exceptional costs</i>		
Impairment of IHSS Limited intragroup balance	0.8	6.4
Restructure and redundancy costs	0.5	2.0
	<u>1.3</u>	<u>8.4</u>

7 Finance income

	2019 £m	2018 £m
Interest received from Group undertakings	<u>2.2</u>	<u>2.1</u>

8 Finance costs

	2019 £m	2018 £m
Interest paid to Group undertakings	2.9	2.0
Finance cost - right of use assets	1.7	-
	<u>4.6</u>	<u>2.0</u>

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Taxation

	2019	2018
	£m	£m
(a) Analysis for the year:		
<i>Current tax:</i>		
UK corporation tax charge	0.2	0.3
Amounts underprovided in previous years	(0.3)	-
	<u>(0.1)</u>	<u>0.3</u>
<i>Deferred tax:</i>		
Relating to origination and reversal of timing differences	4.4	(0.5)
Amounts over provided in previous years	0.3	-
Total deferred tax credit	<u>4.7</u>	<u>(0.5)</u>
Total tax credit in the income statement	<u>4.6</u>	<u>(0.2)</u>
(b) Factors affecting current taxation for the year:		
Profit/(loss) on ordinary activities before tax	<u>8.3</u>	<u>(6.0)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	1.6	(1.1)
<i>Adjustments in respect of:</i>		
Expenses not deductible for tax purposes	23.6	1.2
Non-taxable income	(25.1)	-
Deferred tax not recognised	3.9	-
Allowable depreciation		(0.1)
Other	0.6	(0.2)
Prior year adjustments	-	-
	<u>4.6</u>	<u>(0.2)</u>

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

10 Deferred tax

<i>Deferred tax assets</i>	Accelerated capital allowances	Provisions	Total
	£m	£m	£m
At 31 December 2018	0.7	0.2	0.9
Charge in year	-	(0.2)	(0.2)
Transfer to deferred liabilities	(0.7)	-	(0.7)
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>

The benefits of the deferred tax asset are expected to be received in more than one year.

<i>Deferred tax liabilities</i>	Share Based payments	Capital Gains rollover	Total
	£m	£m	£m
At 31 December 2018	-	(0.7)	(0.7)
Prior year adjustment	(0.3)	-	(0.3)
Charge in year through other comprehensive income	(4.2)	-	(4.2)
Transfer from deferred assets	0.7	-	0.7
At 31 December 2019	<u>(3.8)</u>	<u>(0.7)</u>	<u>(4.5)</u>
	2019		2018
	£m		£m
Net deferred tax (liability)/asset	<u>(4.5)</u>		<u>0.2</u>
	<u>(4.5)</u>		<u>0.2</u>

11 Intangible assets

	Computer software	Goodwill	Total
	£m	£m	£m
Cost			
At 31 December 2018	18.7	-	18.7
Additions	1.5	-	1.5
Disposals	(11.6)	-	(11.6)
At 31 December 2019	<u>8.6</u>	<u>-</u>	<u>8.6</u>
Amortisation			
At 31 December 2018	15.8	-	15.8
Provided during year	1.5	-	1.5
Disposals	(11.6)	-	(11.6)
At 31 December 2019	<u>5.7</u>	<u>-</u>	<u>5.7</u>
Net book value			
At 31 December 2019	<u>2.9</u>	<u>-</u>	<u>2.9</u>
At 31 December 2018	<u>2.9</u>	<u>-</u>	<u>2.9</u>

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

12 Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Hire and rental inventory £m	Total £m
Cost or valuation					
At 31 December 2018	-	0.2	9.1	3.6	12.9
Additions	-	-	1.4	1.6	3.0
Intragroup transfer	-	-	(2.5)	-	(2.5)
Reclassification	-	-	(0.9)	-	(0.9)
Disposals	-	-	(3.2)	(1.4)	(4.6)
At 31 December 2019	<u>-</u>	<u>0.2</u>	<u>3.9</u>	<u>3.8</u>	<u>7.9</u>
Depreciation					
At 31 December 2018	-	0.1	5.9	1.2	7.2
Provided during year	-	-	0.6	1.0	1.6
Reclassification	-	-	(0.9)	-	(0.9)
Disposals	-	-	(3.2)	(0.4)	(3.6)
At 31 December 2019	<u>-</u>	<u>0.1</u>	<u>2.4</u>	<u>1.8</u>	<u>4.3</u>
At 31 December 2019	<u>-</u>	<u>0.1</u>	<u>1.5</u>	<u>2.0</u>	<u>3.6</u>
At 31 December 2018	<u>-</u>	<u>0.1</u>	<u>3.2</u>	<u>2.4</u>	<u>5.7</u>

13 Right of use assets

	Long leasehold £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2019	24.0	12.8	36.8
Additions	13.1	6.0	19.1
Disposals	(1.4)	(0.2)	(1.6)
At 31 December 2019	<u>35.7</u>	<u>18.6</u>	<u>54.3</u>
Depreciation			
At 1 January 2019	-	-	-
Provided during year	2.7	4.9	7.6
Disposals	-	(0.1)	(0.1)
At 31 December 2019	<u>2.7</u>	<u>4.8</u>	<u>7.5</u>
Net book value			
At 31 December 2019	<u>33.0</u>	<u>13.8</u>	<u>46.8</u>
At 1 January 2019	<u>24.0</u>	<u>12.8</u>	<u>36.8</u>

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

14 Investments

	Total £m
Cost	
At 31 December 2018	264.2
Disposals	(44.2)
Written off	(210.6)
At 31 December 2019	<u>9.4</u>
Impairment provisions	
At 31 December 2018	125.0
Disposals	(21.0)
Written off	(104.0)
At 31 December 2019	<u>-</u>
Net book value	
At 31 December 2018	139.2
At 31 December 2019	9.4

The Company owns issued share capital of the following companies, which are considered to be the principal subsidiary undertakings. All holdings are in the ordinary shares of the entities and are 100%.

Company name	Country or incorporation	Registered office
Berendsen Cleanroom Services Limited	England	Intek 3, Wade Road, Basingstoke, RG24 8NE, UK
Berendsen Workwear Limited	England	Intek 3, Wade Road, Basingstoke, RG24 8NE, UK
Berendsen Healthcare Limited	England	Intek 3, Wade Road, Basingstoke, RG24 8NE, UK
Berendsen Hospitality Limited	England	Intek 3, Wade Road, Basingstoke, RG24 8NE, UK
Berendsen Ireland Limited	Ireland	Pottery Road, Dun Laoghaire, Co. Dublin, Ireland
Berendsen Northern Ireland Limited	N. Ireland	Murray House, Murray Street, Belfast, BT1 6DN, UK

The following is a list of entities which are included within the consolidated financial statements of Elis SA in which Berendsen UK Limited has an interest. All holdings are in the ordinary shares of the entities are 100%.

Lakeland Pennine Group Limited	Sunlight Clinical Solutions Limited
Midland Laundry Group Holdings Limited	Sunlight Textile Services Limited
Midland Laundry Group Limited	The Sunlight Service Group Limited
Spring Grove Services Group Limited	

All the above are incorporated in England with a registered address of Intek 3, Wade Road, Basingstoke, RG24 8NE, UK

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

14 Investments (continued)

Company name	Country of incorporation	Registered office
Berendsen Supply Chain (Northern Ireland) Limited	N. Ireland	Murray House, Murray Street, Belfast, BT1 6DN, UK
Berendsen Ireland Holdings Limited	Ireland	Pottery Road, Dun Laoghaire, Co. Dublin, Ireland
Nanoclean Limited	Ireland	Pottery Road, Dun Laoghaire, Co. Dublin, Ireland
Steri-tex Limited	Ireland	Pottery Road, Dun Laoghaire, Co. Dublin, Ireland
BDF Holdings Limited	Scotland	11 Ladywell Avenue, Grangestone, Girvan, Ayrshire, Scotland, KA26 9PL, UK

15 Inventories

	2019 £m	2018 £m
Finished goods	5.1	5.4
	<u>5.1</u>	<u>5.4</u>

16 Debtors

	2019 £m	2018 £m
Trade receivables	23.6	37.8
Prepayments	14.8	20.4
Other debtors	4.0	1.3
Forward foreign exchange contracts (see note 17)	-	0.3
Amounts due from Group undertakings	286.9	244.5
	<u>329.3</u>	<u>304.3</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment except where they relate to current trading subsidiaries, for which interest is receivable at a rate of 1% above the current bank base rate.

17 Derivative financial instruments

	2019 £m	2018 £m
Forward foreign exchange contracts	(1.3)	0.3

The Company faces some currency exposure in respect of the procurement of textiles and capital equipment from Far East suppliers. The Company's policy is to enter into forward contracts to purchase US dollars based upon the expected purchases. During the year, the Company entered into several forward foreign exchange contracts for the purchase of US dollars in the future at fixed rates. These forward contracts reduce the foreign exchange exposure on the procurement of textiles and capital equipment from Far East suppliers. The contracts all have a maturity of less than one year. The forward foreign exchange contracts have resulted in the recognition of a derivative liability of £1,286,000 at 31 December 2019 (2018: asset of £268,000).

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

18 Creditors: amounts falling due within one year

	2019	2018
	£m	£m
Bank loans and overdraft	-	33.5
Trade creditors	20.0	12.7
Corporation tax	1.2	1.3
Amounts due to Group undertakings	0.9	17.9
Other taxation and social security	8.6	9.5
Other creditors	4.2	4.5
Forward foreign exchange contracts (see note 17)	1.3	-
Accruals and deferred income	25.0	34.1
	<u>61.2</u>	<u>113.5</u>

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

19 Creditors: amounts falling due after more than one year

	2019	2018
	£m	£m
Amounts due to Parent undertakings	207.9	200.9
Amounts due to Group undertakings	-	106.6
	<u>207.9</u>	<u>307.5</u>

Amounts owed to group undertakings are unsecured.

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

20 Right of use liabilities

	2019 £m	2018 £m
Right of use lease liabilities	<u>47.9</u>	<u>-</u>
Analysis of maturities of lease liabilities		
Not later than 1 year	7.0	-
After more than 1 year	40.9	-

21 Share capital

	2019 £m	2018 £m
Issued, called up and fully paid		
36,206,050 Ordinary shares of £0.10p each	<u>3.6</u>	<u>3.6</u>

22 Pensions

Defined contribution schemes

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

Defined benefit scheme

The Company participates in a defined benefit scheme (the Berendsen DB (UK) Retirement Benefits Scheme) with its immediate parent company (Berendsen Limited). Following a group restructure, management can no longer separately identify each participating company's share of assets and liabilities of the plan, and so a change in accounting policy was adopted in the prior year whereby it is accounted for by Berendsen Limited as a multi-employer scheme.

The Company is accounting for its contributions to the scheme as if it were a defined contribution scheme. Accordingly, the cost of the Company's contributions to the scheme is equal to the contributions payable to the scheme during the year. Full details of the scheme may be viewed in the Berendsen Limited financial statements.

Elis UK Limited (formerly Berendsen UK Limited)

Notes to the financial statements for the year ended 31 December 2019 (continued)

23 Operating lease commitments

The future operating lease payments are as follows:

	2019	2019	2018	2018
	Property	Vehicles and office equipment	Property	Vehicles and office equipment
	£m	£m	£m	£m
Within one year			3.0	5.5
In two to five years			10.0	8.5
Over five years			20.5	-
	-	-	33.5	14.0

The Company leases laundries, warehouses and vehicles under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. Lease payments incurred relating to these leases are recharged to the 3 new companies, Berendsen Hospitality Limited, Berendsen Healthcare Limited and Berendsen Workwear Limited where applicable.

24 Capital commitments

	2019	2018
	£m	£m
Contracted but not provided for	4.6	4.6

25 Related party transactions

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

26 Post balance sheet event

Company trades in the Healthcare, Hospitality and Workwear laundry sectors. All sectors have been adversely affected. The ultimate parent company Elis SA has issued a letter of comfort in favour of Berendsen UK group companies underwriting all intra-group balances and investments. Elis SA has audited net assets of €8.2 billion as at 31 December 2019. The net assets of the Company at 31 December 2019 are £81.7 million. On this basis, the Directors conclude that the Company is in a relatively strong financial position to manage the economic effects of COVID-19. In May 2020 the company completed the acquisition of Central Laundry Limited. The company is based in Burton upon Trent and is active in the Healthcare segment.

27 Ultimate parent undertaking and controlling party

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