

Registrar's Copy

## **CLEAN Viking Holdings Limited**

Report and Financial Statements

Year Ended

25 March 2017

Company Number 09325421

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# **CLEAN Viking Holdings Limited**

**Report and financial statements  
for the year ended 25 March 2017**

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## **Directors**

B S Johal  
L D Jones  
J C Miller  
K J Wilson

## **Registered office**

Clean House, Grove Business Park, Waltham Road, White Waltham, Berkshire, SL6 3TN

## **Company number**

09325421

## **Auditors**

BDO LLP, 12th Floor, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

# **CLEAN Viking Holdings Limited**

## **Strategic report for the year ended 25 March 2017**

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### **Strategic review**

CLEAN Viking Holdings Limited ("the Company") is the ultimate parent company to the CLEAN group ("the Group"), with the primary trading operation within CLEAN Linen Services Limited. The formation of the new group followed MML Capital Partners ("MML") investment in CLEAN Linen Services Limited in 2014, providing CLEAN excellent financial backing and enabling CLEAN to expand whilst driving efficiency and quality standards and further build upon CLEAN's prestigious heritage and market position.

In the year to 25 March 2017 the Group made significant progress against its strategic objectives to continuously improve operational efficiency and customer service. The purpose built 'super' laundry at Slough was completed in October 2016. This facility is world class and industry leading in terms of machinery and production. It has been designed to provide our customers with the very best service, featuring many new technological developments, whilst embracing environmental considerations with a significant focus on optimising the usage of energy and chemicals. This additional capacity will enable the Group to capitalise on the growing demand from the South East and, particularly, London markets.

The results in these financial statements represent the first full year of trading after the Paragon and Watford acquisitions on 5 October 2015 and 22 December 2015 respectively.

During the period the Company closed its Maidenhead, Watford and Reading laundries consolidating revenue into more modern, recently invested and efficient laundries.

The Group consolidated its position with these strategic moves to successfully integrate and deliver optimum customer service throughout, whilst retaining solid results and is pleased to have reported EBITDA before exceptional costs of £4.7m for the year. Facilitating the integration of the acquisitions and development of common systems and processes, the Group bore exceptional costs of £3.7m, a revaluation gain of £1.7m from the Maidenhead investment property and a further £2.2m of amortisation of intangibles, consequently reporting an operating loss of £3.6m. Group interest charges for the 12 month period amount to £7.0m, the majority of this being non cash.

### **Operational review**

Underpinning the success of the Group was another good year for CLEAN Linen Services Limited, once more showing organic growth in the year and continuing its decade of progression. CLEAN won further prestigious customers in the year, whilst maintaining its high customer retention levels demonstrating its high levels of customer service.

Complementing CLEAN's own development, management spent much of the year further integrating Paragon and Watford by developing common systems, processes and procedures combined with a continued customer focus. Concurrently, the Group is incredibly proud to have invested in a resilient infrastructure driving higher customer service levels through leveraging our larger scale and infrastructure, and better aligning customers to specific sites. All entities now operate under the CLEAN brand, to a common operating culture and to defined and consistent working practices. The Group has an exceptional team to continue to develop the service and put our clients at the forefront of everything that we do.

CLEAN, with the successful launch of the world leading Slough laundry, continues to be ideally placed to support and grow national business and services clients across the majority of the United Kingdom.

CLEAN will continue to concentrate on developing 'best in class' operations, with an emphasis on first class customer services, plant operations and distribution, underpinned by a leading health and safety environment and an informed and educated employee base. We will continue our strategic investment in improving core operational infrastructure which has assisted strong earnings and a robust and scalable infrastructure.

The various initiatives we are pursuing place us in an excellent position at the year-end, well positioned for strong results should economic pressures place pressure on the sector and equally well placed to capitalise on market growth.

# **CLEAN Viking Holdings Limited**

## **Strategic report for the year ended 25 March 2017 (continued)**

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### **EU Referendum**

The Group's business activities closely align to the hospitality sector and therefore uncertainties surrounding occupancy, tourism and business travel could have a profound business effect. The implications of the on-going EU exit negotiation remain uncertain yet we consider currency fluctuations to be advantageous, by virtue of encouraging higher tourist numbers in the short term. Conversely linen is procured from outside the EU and could be subject to inflationary pressure, a risk in part mitigated by ordering at fixed price some six months in advance. Brexit is also resulting in a lower supply of laundry and vehicle operatives leading to a more competitive market for staff driving up staff production and distribution costs.

### **Corporate and social responsibilities**

At CLEAN, we believe that people are the heart of our business and fundamental to our long-term success. We acknowledge our responsibility to be a good corporate citizen and to make a positive difference to the UK in all our engagements with our customers, employees, suppliers, partners and the general public. Through listening and responding to the needs and interests of our stakeholders, complying with local laws and regulations, demonstrating accountable, transparent and ethical business standards, mitigating risks to the environment, and protecting human rights, CLEAN is unwavering in its consideration of the economic, social and environmental impacts of all its activities.

CLEAN is committed to the provision of high-quality responsible textile services and laundry solutions supported by integrated quality, service, health & safety, environmental, human resource and social accountability management systems. To underpin our Quality of Service objectives, we operate and maintain an Integrated Management System ("IMS") embracing best practice standards. The IMS provides an essential framework of performance reviews which enables us to ensure that continual improvement is a key process in all of our business activities.

### **Health and safety**

CLEAN wholeheartedly supports the principles of mutual trust and respect in the workplace, fostering an environment where health and safety is paramount and diversity and inclusion are truly valued.

CLEAN operates with an OHSAS 18001-compliant Safety Management System, and has an excellent safety record. CLEAN holds accreditations including the Gold Award by the Royal Society for the Prevention of Accidents (RoSPA).

### **The Environment**

Our environmental responsibilities and the impacts that we have on our surroundings are extremely important.

We operate an Environmental Management System, based on ISO 14001, to ensure that we meet and, where possible, exceed those responsibilities. The Group strives to reduce our carbon footprint year-on-year, subscribing to a carbon reduction programme and a Climate Change Agreement through our trade association, the TSA and holds the Gold standard 'Green Apple' environmental award.

We invest heavily to optimise alternative liquid cleanser technology and modernise the delivery of soaps, bleaches and conditioners to the wash process, thereby reducing the related environmental impact and also continue to invest in fleet technology to route our vehicles as effectively and efficiently as possible, thus lowering our environmental impact through reduced exhaust fumes and the use of carbon-based fuels.

We continually seek improved energy-efficient processes and equipment and work closely with our suppliers to achieve this.

# CLEAN Viking Holdings Limited

Strategic report  
for the year ended 25 March 2017 (*continued*)

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## Quality of service

At CLEAN, we regard our quality standards as being within the highest in the laundry sector.

Continuous investment in our linen pool, together with exacting manufacturing standards at our appointed mills, ensures the quality and integrity of our linen and towelling. Our garments and work wear are sourced from recognised and established manufacturers and well suited for the rigours of an industrial laundry process and the working environment requirements.

## Future developments

The Group will continue to value and uphold the principles which have underpinned our success, keeping the customer central to all that we do. Accordingly, we will endeavour to consolidate our leading position and investigate suitable development and expansion opportunities where we feel these will strengthen our customer offerings. CLEAN will continue its best in class review activities as it continues to grow, in order to maximise its efficiencies and benefits.

## Key performance indicators

The senior management of the Group focus on a number of key performance indicators, including revenue and EBITDA as primary measures during the period of rapid expansion. Revenue, along with other measures, is monitored regularly with explanations sought for variances against expectations. Management have reviewed the key performance indicators during the period and are satisfied with the results.

Turnover for the year is £69.0m, a 44% increase on the previous 16 month period mainly reflecting a successful full year of trading of the acquired entities. The revenue growth is primarily due to the contribution of the acquired entities and is in line with management's expectations.

## Principal risks and uncertainties

As the business continues to implement its strategy and demonstrates revenue growth in line with its strategic business plan, senior management and the Board review monthly performance reports and assess the financial position of the Group. This includes cash flow projections in order to ensure that the working capital and net debt position is actively managed and that sufficient headroom exists for the debt covenants for at least a forward-looking twelve-month period. The directors review and agree policies for managing each of these principal risks and they are summarised below:

### Market risk

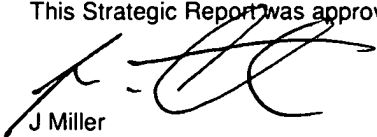
The textile rental market is subject to fluctuations of demand by customers. These fluctuations are linked to the economic cycle and changes in the spending patterns of consumers. Additionally, the sector is exposed to textile price fluctuation and accordingly CLEAN works in close tandem with a number of key vendors and it is important to maintain strong relationships and terms of business with these partners.

### Operational risk

This relates to the risk of financial loss resulting from internal processes, people and systems. The Group manages this risk through appropriate internal controls and proactive intervention, such as management reporting systems, insurances, business interruption and disaster recovery planning.

## Approval

This Strategic Report was approved by order of the Board on 10 November 2017



J Miller  
Director

# **CLEAN Viking Holdings Limited**

## **Report of the directors for the year ended 25 March 2017**

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The directors present their report together with the audited financial statements for the year to 25 March 2017.

### **Principal activities**

CLEAN Viking Holdings Limited is the parent company of a group principally engaged in linen and garment rental services which operates through seven processing plants principally situated across Southern England and the Midlands.

### **Business review**

The principal activities of the Company are set out in the Strategic Report on pages 1 to 4. The Strategic Report includes details of the business overview; principal risks and uncertainties; key performance indicators and a summary of the financial performance for the year ended 25 March 2017.

### **Results and dividends**

The consolidated statement of total comprehensive income is set out on page 10 and shows the Group's loss before tax of £10,528,088 for the year. No dividends are able to be paid.

### **Going concern**

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which show that the Group and Company can continue to operate within their current financing arrangements. The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future and that the adoption of going concern basis is appropriate when preparing the financial statements

### **Research & Development**

The laundry industry is competitive and development is vital in order to help the Company maintain its competitive edge. CLEAN undertakes research and development to improve the technical processes at the plants, including the mechanical handling, the products themselves and the cleaning methodologies. Further research and development is undertaken with the aim of meeting complex logistical requirements involved in the delivery and collection of laundry products from its customers. Such developments help ensure the laundry process is optimised, product life is extended, chemical cleaning is thorough and logistical time and costs are efficiently managed, as well as mitigating related environmental impact.

### **Likely future developments in the business**

Information on likely future developments in the business has been included in the Strategic Report on pages 1 to 4.

### **Financial Risk Management**

#### *Credit risk*

The Group is exposed to risk associated with the potential failure of customers particularly during an economic downturn and the risk of a financial loss if another party fails to discharge an obligation. Group policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The Group has a very large customer base and the directors consider the risk of customer default is well spread.

# **CLEAN Viking Holdings Limited**

## **Report of the directors for the year ended 25 March 2017 (continued)**

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### **Financial Risk Management (continued)**

#### *Interest rate risk*

The Group is exposed to fluctuations in LIBOR on which the interest charges for the Group's bank facilities are based (as set out in the notes to the accounts). The Group monitors interest rate movement to ensure risk is managed within its LIBOR floor threshold.

#### *Cashflow risk*

The company incurs large bi-annual interest payments. The cashflow risk is mitigated by monthly cash flow projections to the Board in order to ensure that the working capital and net debt position is actively managed and that sufficient headroom exists for the debt covenants for at least a forward-looking twelve-month period.

#### *Liquidity risk*

This relates to the risk that the Group is unable to fund its requirements because of insufficient banking facilities. The Group manages liquidity risk via revolving credit facilities, HP and long-term debt.

### **Directors**

The directors of the Company appointed during the period:

B S Johal  
L D Jones  
J C Miller  
M Oxley (resigned 24 October 2017)  
K J Wilson

### **Qualifying third party indemnity provisions**

The Company has put in place qualifying third party indemnity provisions for all of the directors of CLEAN Viking Holdings Limited.

### **Employee involvement**

The Company's policy is to consult and discuss with employees, through staff councils and at meetings of employee groups, any matters likely to affect employees' interests. Information on matters of concern to employees is given through employee involvement teams, company meetings, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

### **Employment of disabled persons**

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

### **Post Balance Sheet Events**

Subsequent to the year end, on 25 September 2017, the land and buildings held at the site in Maidenhead were sold to a third party, see note 23 for further information.

# CLEAN Viking Holdings Limited

## Report of the directors for the year ended 25 March 2017 (*continued*)

### Directors' responsibilities

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 group and company 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 group and company and of the profit or loss of the group and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

### Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the Company's auditor is unaware.

BDO LLP have expressed their willingness to continue in office.

### Approval

This Directors' Report was approved by the Board on 10 November 2017



J Miller  
Director

# **CLEAN Viking Holdings Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF CLEAN VIKING HOLDINGS LIMITED**

We have audited the financial statements of CLEAN Viking Holdings Limited for the year ended 25 March 2017 which comprise the consolidated statement of total comprehensive income, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated and company 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).

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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 25 March 2017 and of the group's 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.

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# CLEAN Viking Holdings Limited

## Independent auditor's report (continued)

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Simon Brooker (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Reading  
United Kingdom

Date 10 NOVEMBER 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# CLEAN Viking Holdings Limited

## Consolidated statement of total comprehensive income for the year ended 25 March 2017

|                                                                                          | Note | Year ended<br>25 March<br>2017<br>£ | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>26 March<br>2016<br>£ | 16 months<br>ended<br>26 March<br>2016<br>£ |
|------------------------------------------------------------------------------------------|------|-------------------------------------|-------------------------------------|---------------------------------------------|---------------------------------------------|
| <b>Turnover</b>                                                                          | 3    |                                     | 69,017,949                          |                                             | 47,995,968                                  |
| Cost of sales                                                                            |      |                                     | (56,497,424)                        |                                             | (41,032,680)                                |
| <b>Gross profit</b>                                                                      |      |                                     | 12,520,525                          |                                             | 6,963,288                                   |
| Administrative expenses                                                                  |      | (14,043,439)                        |                                     | (6,843,955)                                 |                                             |
| Exceptional administrative costs                                                         |      | (3,690,493)                         |                                     | (2,720,112)                                 |                                             |
| Total administrative expenses                                                            |      |                                     | (17,733,932)                        |                                             | (9,564,067)                                 |
| Gain from changes in fair value of<br>investment properties                              | 12   |                                     | 1,660,653                           |                                             | -                                           |
| Operating profit before amortisation<br>and depreciation                                 | 4    |                                     | 2,673,993                           |                                             | 1,574,296                                   |
| Amortisation                                                                             | 11   |                                     | (2,166,675)                         |                                             | (1,344,085)                                 |
| Depreciation                                                                             | 12   |                                     | (4,060,072)                         |                                             | (2,830,990)                                 |
| <b>Operating loss</b>                                                                    | 4    |                                     | (3,552,754)                         |                                             | (2,600,779)                                 |
| Interest payable and similar<br>charges                                                  | 7    |                                     | (6,981,028)                         |                                             | (4,400,101)                                 |
| Interest receivable and similar<br>charges                                               | 8    |                                     | 5,694                               |                                             | 15,746                                      |
| Share of profit of associate                                                             |      |                                     | -                                   |                                             | 4,721                                       |
| <b>Loss on ordinary activities<br/>before taxation</b>                                   |      |                                     | (10,528,088)                        |                                             | (6,980,413)                                 |
| Taxation on loss on ordinary<br>activities                                               | 9    |                                     | 932,573                             |                                             | 240,436                                     |
| <b>Loss for the financial period</b>                                                     |      |                                     | (9,595,515)                         |                                             | (6,739,977)                                 |
| Other comprehensive income for<br>the period                                             |      |                                     | -                                   |                                             | -                                           |
| <b>Total comprehensive loss for the<br/>period</b>                                       |      |                                     | (9,595,515)                         |                                             | (6,739,977)                                 |
| <b>Loss and total comprehensive<br/>loss for the financial year<br/>attributable to:</b> |      |                                     |                                     |                                             |                                             |
| Non-controlling interest                                                                 |      |                                     | (4,114)                             |                                             | (1,160)                                     |
| Owners of the parent company                                                             |      |                                     | (9,591,401)                         |                                             | (6,738,817)                                 |
|                                                                                          |      |                                     | (9,595,515)                         |                                             | (6,739,977)                                 |

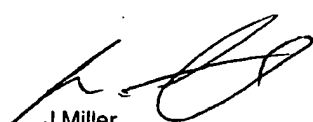
The notes on pages 16 to 44 form part of these financial statements.

# CLEAN Viking Holdings Limited

## Consolidated balance sheet at 25 March 2017

|                                                                | Note | 2017<br>£         | 2017<br>£           | 2016<br>£         | 2016<br>£          |
|----------------------------------------------------------------|------|-------------------|---------------------|-------------------|--------------------|
| <b>Fixed assets</b>                                            |      |                   |                     |                   |                    |
| Intangible assets                                              | 11   |                   | 13,090,184          |                   | 15,256,859         |
| Tangible assets                                                | 12   |                   | 31,472,053          |                   | 23,164,181         |
|                                                                |      |                   | <u>44,562,238</u>   |                   | <u>38,421,040</u>  |
| <b>Current assets</b>                                          |      |                   |                     |                   |                    |
| Stocks                                                         | 14   | 2,696,820         |                     | 1,091,567         |                    |
| Debtors                                                        | 15   | 29,210,820        |                     | 25,815,433        |                    |
| Cash at bank and in hand                                       |      | 1,768,373         |                     | 4,250,601         |                    |
|                                                                |      | <u>33,676,013</u> |                     | <u>31,157,601</u> |                    |
| <b>Creditors: amounts falling due within one year</b>          | 16   | (15,089,660)      |                     | (11,760,811)      |                    |
| <b>Net current assets</b>                                      |      |                   | <u>18,586,353</u>   |                   | <u>19,396,790</u>  |
| <b>Total assets less current liabilities</b>                   |      |                   | <u>63,148,591</u>   |                   | <u>57,817,830</u>  |
| <b>Creditors: amounts falling due after more than one year</b> | 17   |                   | (76,356,025)        |                   | (60,824,480)       |
| <b>Provisions for liabilities</b>                              | 19   |                   | (2,852,973)         |                   | (3,458,302)        |
| <b>Net liabilities</b>                                         |      |                   | <u>(16,060,407)</u> |                   | <u>(6,464,952)</u> |
| <b>Capital and reserves</b>                                    |      |                   |                     |                   |                    |
| Called up share capital                                        | 20   |                   | 2,000               |                   | 1,940              |
| Share premium                                                  | 20   |                   | 159,679             |                   | 159,679            |
| Profit and loss account                                        |      |                   | (16,330,218)        |                   | (6,738,817)        |
| <b>Equity attributable to the owners of the parent company</b> |      |                   | <u>(16,168,539)</u> |                   | <u>(6,577,198)</u> |
| <b>Non-controlling interest</b>                                |      |                   | <u>108,132</u>      |                   | <u>112,246</u>     |
|                                                                |      |                   | <u>(16,060,407)</u> |                   | <u>(6,464,952)</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 10 November 2017

  
J Miller  
Director

  
L Jones  
Director

CLEAN Viking Holdings Limited registered number 09325421

The notes on pages 16 to 44 form part of these financial statements.

# CLEAN Viking Holdings Limited

## Consolidated statement of changes in equity for the year ended 25 March 2017

|                                                           | Share<br>capital<br>£ | Share<br>premium<br>£ | Profit<br>and loss<br>account<br>£ | Attributable<br>to parent<br>£ | Non-<br>controlling<br>interest<br>£ | Total<br>equity<br>£ |
|-----------------------------------------------------------|-----------------------|-----------------------|------------------------------------|--------------------------------|--------------------------------------|----------------------|
| <b>At 27 March 2016</b>                                   | <b>1,940</b>          | <b>159,679</b>        | <b>(6,738,817)</b>                 | <b>(6,577,198)</b>             | <b>112,246</b>                       | <b>(6,464,952)</b>   |
| <i>Comprehensive income for the period:</i>               |                       |                       |                                    |                                |                                      |                      |
| Loss for the period                                       | -                     | -                     | (9,591,401)                        | (9,591,401)                    | (4,114)                              | (9,595,515)          |
| <b>Loss and total comprehensive income for the period</b> | <b>-</b>              | <b>-</b>              | <b>(9,591,401)</b>                 | <b>(9,591,401)</b>             | <b>(4,114)</b>                       | <b>(9,595,515)</b>   |
| <i>Contributions by and distributions to owners:</i>      |                       |                       |                                    |                                |                                      |                      |
| Issued share capital                                      | 60                    | -                     | -                                  | 60                             | -                                    | 60                   |
| <b>Total contributions by and distributions to owners</b> | <b>60</b>             | <b>-</b>              | <b>-</b>                           | <b>60</b>                      | <b>-</b>                             | <b>60</b>            |
| <b>At 25 March 2017</b>                                   | <b>2,000</b>          | <b>159,679</b>        | <b>(16,330,218)</b>                | <b>(16,168,539)</b>            | <b>(108,132)</b>                     | <b>(16,060,407)</b>  |
| <b>Opening balance at incorporation</b>                   | <b>-*</b>             | <b>-</b>              | <b>-</b>                           | <b>-</b>                       | <b>-</b>                             | <b>-</b>             |
| <i>Comprehensive income for the period:</i>               |                       |                       |                                    |                                |                                      |                      |
| Loss for the period                                       | -                     | -                     | (6,738,817)                        | (6,738,817)                    | (1,160)                              | (6,739,977)          |
| <b>Loss and total comprehensive income for the period</b> | <b>-</b>              | <b>-</b>              | <b>(6,738,817)</b>                 | <b>(6,738,817)</b>             | <b>(1,160)</b>                       | <b>(6,739,977)</b>   |
| <i>Contributions by and distributions to owners:</i>      |                       |                       |                                    |                                |                                      |                      |
| Issued share capital                                      | 1,940                 | 159,679               | -                                  | 161,619                        | -                                    | 161,619              |
| Non-controlling interest on acquisition                   | -                     | -                     | -                                  | -                              | 113,406                              | 113,406              |
| <b>Total contributions by and distributions to owners</b> | <b>1,940</b>          | <b>159,679</b>        | <b>-</b>                           | <b>161,619</b>                 | <b>113,406</b>                       | <b>275,025</b>       |
| <b>At 26 March 2016</b>                                   | <b>1,940</b>          | <b>159,679</b>        | <b>(6,738,817)</b>                 | <b>(6,577,198)</b>             | <b>112,246</b>                       | <b>(6,464,952)</b>   |

\* On incorporation 1 ordinary A share was in issue at an aggregate nominal value of £0.01.

The notes on pages 16 to 44 form part of these financial statements.

# CLEAN Viking Holdings Limited

## Consolidated statement of cash flows for the year ended 25 March 2017

|                                                                     | Note | 2017<br>£           | 2016<br>£           |
|---------------------------------------------------------------------|------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                         |      |                     |                     |
| <b>Operating loss for the financial period</b>                      |      | (3,552,754)         | (2,600,779)         |
| Adjustments for:                                                    |      |                     |                     |
| Depreciation of tangible fixed assets                               | 12   | 4,059,943           | 2,830,989           |
| Amortisation of intangible fixed assets                             | 11   | 2,166,675           | 1,344,085           |
| Increase in trade and other debtors                                 |      | (3,395,387)         | (563,351)           |
| Decrease in stocks                                                  |      | (1,605,253)         | 305,029             |
| Decrease in trade creditors                                         |      | 3,844,937           | (4,046,087)         |
| Increase in provisions                                              |      | -                   | 498,000             |
| Profit on sale of tangible fixed assets                             |      | (374,744)           | 2,607               |
| <b>Cash from operations</b>                                         |      | <b>1,143,417</b>    | <b>(2,229,507)</b>  |
| Interest paid                                                       |      | (729,119)           | (355,690)           |
| Taxation paid                                                       |      | (225,311)           | (442,604)           |
| <b>Net cash used in operating activities</b>                        |      | <b>188,987</b>      | <b>(3,027,801)</b>  |
| <b>Cash flows from investing activities</b>                         |      |                     |                     |
| Proceeds from sale of tangible fixed assets                         |      | 181,672             | 10,667              |
| Purchases of tangible fixed assets                                  | 12   | (12,174,736)        | (4,038,222)         |
| Purchase of subsidiary undertakings                                 | 21   | -                   | (24,669,221)        |
| Net cash acquired with subsidiary undertakings                      | 21   | -                   | (533,314)           |
| Directly attributable costs of investments in business combinations | 21   | -                   | (570,838)           |
| <b>Net cash used in investing activities</b>                        |      | <b>(11,993,064)</b> | <b>(29,800,928)</b> |
| <b>Cash flows from financing activities</b>                         |      |                     |                     |
| Capital element of bank loan repaid                                 |      | -                   | (11,550,228)        |
| Capital element of finance leases repaid                            |      | (225,143)           | (2,313,672)         |
| Issue of loan notes                                                 | 17   | -                   | 16,576,000          |
| Issue of Loan                                                       | 17   | 12,500,000          | 38,000,000          |
| Debt issue costs incurred                                           |      | -                   | (3,733,900)         |
| Issue of share capital                                              |      | 60                  | 101,130             |
| Interest paid on bank loan                                          |      | (2,953,068)         | -                   |
| <b>Net cash from financing activities</b>                           |      | <b>9,321,849</b>    | <b>37,079,330</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents</b>       |      | <b>(2,482,228)</b>  | <b>4,250,601</b>    |
| Cash and cash equivalents brought forward                           |      | 4,250,601           | -                   |
| <b>Cash and cash equivalents at end of period</b>                   |      | <b>1,768,373</b>    | <b>4,250,601</b>    |
| <b>Cash and cash equivalents comprise:</b>                          |      |                     |                     |
| Cash at bank and in hand                                            |      | 1,768,373           | 4,250,601           |
| Bank overdrafts                                                     |      | -                   | -                   |
|                                                                     |      | <b>1,768,373</b>    | <b>4,250,601</b>    |

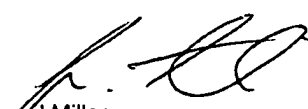
The notes on pages 16 to 44 form part of these financial statements.

# CLEAN Viking Holdings Limited

Company balance sheet  
at 25 March 2017

|                                                                | Note | 2017<br>£          | 2016<br>£        |
|----------------------------------------------------------------|------|--------------------|------------------|
| <b>Fixed assets</b>                                            |      |                    |                  |
| Investments                                                    | 13   | 5,765,943          | 5,765,943        |
| <b>Current assets</b>                                          |      |                    |                  |
| Debtors                                                        | 15   | 198,230            | 197,130          |
| Cash                                                           |      | 60                 | -                |
|                                                                |      | <u>198,290</u>     | <u>197,130</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 16   | (6,601)            | -                |
| <b>Net current assets</b>                                      |      | <u>191,689</u>     | <u>197,130</u>   |
| <b>Total assets less current liabilities</b>                   |      | <b>5,957,632</b>   | <b>5,963,073</b> |
| <b>Creditors: amounts falling due after more than one year</b> | 17   | (7,218,318)        | (6,566,811)      |
| <b>Net liabilities</b>                                         |      | <u>(1,260,686)</u> | <u>(603,738)</u> |
| <b>Capital and reserves</b>                                    |      |                    |                  |
| Called up share capital                                        | 20   | 2,000              | 1,940            |
| Share premium                                                  | 20   | 159,679            | 159,679          |
| Profit and loss account                                        |      | (1,422,365)        | (765,357)        |
| <b>Shareholders' deficit</b>                                   |      | <u>(1,260,686)</u> | <u>(603,738)</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 10 November 2017

  
J Miller  
Director

  
L Jones  
Director

CLEAN Viking Holdings Limited registered number 09325421

The notes on pages 16 to 44 form part of these financial statements.

# CLEAN Viking Holdings Limited

## Company statement of changes in equity for the year ended 25 March 2017

|                                                           | Share<br>capital<br>£ | Share<br>premium<br>£ | Profit<br>and loss<br>account<br>£ | Total<br>equity<br>£ |
|-----------------------------------------------------------|-----------------------|-----------------------|------------------------------------|----------------------|
| <b>At 26 March 2016</b>                                   | 1,940                 | 159,679               | (765,357)                          | (603,738)            |
| <i>Comprehensive income for the period:</i>               | -                     | -                     | (657,008)                          | (657,008)            |
| Loss for the period                                       | -                     | -                     | (657,008)                          | (657,008)            |
| <b>Loss and total comprehensive income for the period</b> | -                     | -                     | (657,008)                          | (657,008)            |
| <i>Contributions by and distributions to owners:</i>      |                       |                       |                                    |                      |
| Issued share capital                                      | 60                    | -                     | -                                  | 60                   |
| <b>Total contributions by and distributions to owners</b> | 60                    | -                     | -                                  | 60                   |
| <b>At 25 March 2017</b>                                   | 2,000                 | 159,679               | (1,422,365)                        | (1,260,686)          |
| <b>Opening balance at incorporation</b>                   | -*                    | -                     | -                                  | -                    |
| <i>Comprehensive income for the period:</i>               | -                     | -                     | (765,357)                          | (765,357)            |
| Loss for the period                                       | -                     | -                     | (765,357)                          | (765,357)            |
| <b>Loss and total comprehensive income for the period</b> | -                     | -                     | (765,357)                          | (765,357)            |
| <i>Contributions by and distributions to owners:</i>      |                       |                       |                                    |                      |
| Issued share capital                                      | 1,940                 | 159,679               | -                                  | 161,619              |
| <b>Total contributions by and distributions to owners</b> | 1,940                 | 159,679               | -                                  | 161,619              |
| <b>At 26 March 2016</b>                                   | 1,940                 | 159,679               | (765,357)                          | (603,738)            |

\* On incorporation 1 ordinary A share was in issue at an aggregate nominal value of £0.01.

The notes on pages 16 to 43 form part of these financial statements.

# CLEAN Viking Holdings Limited

## Notes forming part of the financial statements for the year ended 25 March 2017

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### 1 Accounting policies

CLEAN Viking Holdings Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015 but may be applied early to periods ending on or after 1 April 2015. CLEAN Viking Holdings Limited has taken the option to apply the standard early in the preparation of these financial statements.

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

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements present the results of CLEAN Viking Holdings Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

#### *Going concern*

After carrying out a comprehensive review and evaluation of the principal risks and uncertainties faced by the business, the directors believe that the Company and Group are well placed to manage their risks and cash flows effectively. With appropriate bank facilities in place to underpin the strategic business plan, the directors consider that the Company and Group will have sufficient resources to continue in operational existence for the foreseeable future and that the adoption of going concern basis is appropriate when preparing the financial statements.

# CLEAN Viking Holdings Limited

## Notes forming part of the financial statements for the year ended 25 March 2017 (*continued*)

### 1 Accounting policies (*continued*)

#### *Associates and joint ventures*

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

#### *Revenue*

Revenue from the services is recognised when the Group has transferred the significant risks and rewards of the service to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the services are delivered to the buyer. Where the buyer has a right of return, the Group defers recognition of revenue until the right to return has lapsed.

#### *Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings. 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.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

#### *Depreciation*

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

|                                  |   |                                          |
|----------------------------------|---|------------------------------------------|
| Freehold property                | - | at 2% on cost                            |
| Plant and machinery              | - | at rates varying from 5% to 20% on cost  |
| Motor vehicles                   | - | at 25% on cost                           |
| Fixtures, fittings and equipment | - | at rates varying from 10% to 25% on cost |

#### *Market value of land and buildings*

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

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## 1 Accounting policies (continued)

### *Investment property*

Investment property is carried at fair value determined annually by external valuers and derived from the current market value of the property compared to the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

### *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment.

### *Impairment of fixed assets and goodwill*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

### *Stocks*

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell.

### *Pooled rental linen and workwear*

Pool rental linen is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the linen over two years and work wear over three years.

### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

### *Finance costs*

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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.

### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. 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.

# CLEAN Viking Holdings Limited

## Notes forming part of the financial statements for the year ended 25 March 2017 (*continued*)

### 1 Accounting policies (*continued*)

#### *Intangible assets*

##### *a) Goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised over a 6 to 7 year period.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Where the fair value of assets exceeds the fair value of the consideration for an acquired undertaking, the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss accounts over its useful economic life.

##### *b) Other intangible assets*

Where an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. Amortisation is charged to administration expenses in profit and loss so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Customer Relationships - 10 years

The initial fair value at the acquisition date and estimated useful lives of intangible assets is derived by reference to an independent valuation report.

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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.

# CLEAN Viking Holdings Limited

## Notes forming part of the financial statements for the year ended 25 March 2017 (*continued*)

### 1 Accounting policies (*continued*)

#### *Current and deferred taxation (continued)*

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are not discounted.

#### *Leased assets: Lessee*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The group 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 (1 January 2012) to continue to be charged over the period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2012, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

#### *Administrative exceptional costs*

Administrative exceptional costs are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

#### *Pension costs*

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### *Reserves*

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# CLEAN Viking Holdings Limited

## Notes forming part of the financial statements for the year ended 25 March 2017 (*continued*)

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine the market rate of interest on issued loan notes having been treated as a financing transaction. Factors taken into consideration in reaching such a decision include assessing similar debt instruments within an active market, consideration of the cost of debt and cost of equity in the business and assessing the impact of rates in relation to the ratio of debt to equity.

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets*  
Tangible fixed assets, other than investment properties, are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Land & Buildings, including investment properties, are held at market value. The Directors undertake an assessment of indications of changes in the market value.
- *Intangibles*  
The Directors use their judgement to determine the extent to which goodwill and other capitalised intangible assets have a value that will benefit the performance of the Group over future periods. To assist in making this judgement, the Directors undertake an assessment, at least annually, of the carrying value of the Group's capitalised goodwill and other intangible assets.
- *Pooled rental linen*  
Pooled linen is expensed over its useful economic life, which has been determined to be two years for linen and three years for work wear. These estimates are based on past operational experience and considered in light of industry competitors. The actual lives of the assets are assessed annually and may vary depending on a number of factors.
- *Creditors, provisions and liabilities*  
These are recognised at the balance sheet date and include amounts for accrued holiday pay, management and employee bonuses. Although these amounts are reviewed on a regular basis and adjusted to reflect management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.
- *Trade debtors' impairment loss*  
Trade debtors are reviewed for impairment loss on an annual basis and provision made for any balances where there is uncertainty against the recoverability of the balance. This methodology is applied on a customer by customer basis.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 3 Turnover

|                                    | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>26 March<br>2016<br>£ |
|------------------------------------|-------------------------------------|---------------------------------------------|
| Analysis by class of business:     |                                     |                                             |
| Textile rental                     | 56,875,620                          | 38,798,960                                  |
| Work wear and complementary rental | 10,375,159                          | 8,262,361                                   |
| Other rental related charges       | 1,767,170                           | 934,647                                     |
|                                    | <u>69,017,949</u>                   | <u>47,995,968</u>                           |

The Group's turnover arises from activities solely in the United Kingdom.

## 4 Group operating loss

|                                                                                      | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>26 March<br>2016<br>£ |
|--------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------|
| This is arrived at after charging/(crediting):                                       |                                     |                                             |
| Depreciation of tangible fixed assets                                                | 4,060,073                           | 2,830,990                                   |
| Amortisation of intangible assets:                                                   |                                     |                                             |
| - customer related                                                                   | 817,300                             | 691,825                                     |
| - goodwill                                                                           | 1,349,374                           | 1,062,169                                   |
| - negative goodwill                                                                  | -                                   | (409,909)                                   |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 8,850                               | 11,000                                      |
| Fees payable to the company's auditor for other services to the group:               |                                     |                                             |
| - audit of the company's subsidiaries pursuant to legislation and consolidation      | 30,000                              | 68,917                                      |
| - tax services                                                                       | 6,400                               | 12,858                                      |
| - other services *                                                                   | 37,910                              | 65,579                                      |
| Loss on disposal of fixed assets                                                     | 374,744                             | 2,611                                       |
| Operating lease payments:                                                            |                                     |                                             |
| - land and buildings                                                                 | 1,394,250                           | 474,968                                     |
| - vehicles                                                                           | 1,614,330                           | 1,039,945                                   |
| Management charges                                                                   | 90,902                              | 105,559                                     |
| Exceptional administrative costs                                                     | 3,690,493                           | 2,720,113                                   |
| Pooled rental linen recognised as an expense                                         | 8,919,243                           | 6,988,254                                   |
|                                                                                      | <u>8,919,243</u>                    | <u>6,988,254</u>                            |

Exceptional administrative costs are mainly due to post acquisition integration and restructuring.

\*Fees for other services performed by the company's auditor of £37,910 include £33,710 amortisation of acquisition related services and debt fees capitalised against the related investment and liabilities in the prior period to be released over a period of 6 years.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 5 Employees

|                                               | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>28 March<br>2016<br>£ |
|-----------------------------------------------|-------------------------------------|---------------------------------------------|
| Staff costs (including directors) consist of: |                                     |                                             |
| Wages and salaries                            | 29,059,011                          | 19,431,818                                  |
| Social security costs                         | 2,523,290                           | 2,733,953                                   |
| Pension costs                                 | 261,576                             | 285,040                                     |
|                                               | <u>31,843,877</u>                   | <u>22,450,811</u>                           |

The average number of employees (including directors) during the period was as follows:

|                | Year ended<br>25 March<br>2017<br>Number | 16 months<br>ended<br>28 March<br>2016<br>Number |
|----------------|------------------------------------------|--------------------------------------------------|
| Administration | 185                                      | 112                                              |
| Production     | 938                                      | 500                                              |
| Transport      | 241                                      | 125                                              |
|                | <u>1,364</u>                             | <u>737</u>                                       |

A defined contribution pension scheme is operated by the Group on behalf of the employees of one of the subsidiary undertakings. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group which amounted to £261,576 (2016: £285,040). Contributions amounting to £29,283 were payable to the fund at 26 March 2016 and are included in creditors.

## 6 Directors' remuneration

|                                                         | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>28 March<br>2016<br>£ |
|---------------------------------------------------------|-------------------------------------|---------------------------------------------|
| Directors' emoluments                                   | 605,980                             | 709,192                                     |
| Company contributions to money purchase pension schemes | 8,211                               | 10,854                                      |
|                                                         | <u>614,191</u>                      | <u>720,046</u>                              |

There were two directors in the group's defined contribution pension scheme.

Emoluments of the highest paid director were £359,660 (2016: £497,836). Company pension contributions of £Nil (2016: £Nil) were made to a money purchase scheme on his behalf.

The directors received dividends in aggregate, on the same terms as the other shareholders, of £Nil.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 7 Interest payable and similar charges

|                                               | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>28 March<br>2016<br>£ |
|-----------------------------------------------|-------------------------------------|---------------------------------------------|
| Bank loans and overdrafts                     | 30,736                              | 254,335                                     |
| Accrued loan note interest                    | 6,330,825                           | 3,703,372                                   |
| Loan note interest adjusted for present value | -                                   | 148,076                                     |
| Loan note finance issue cost                  | 619,467                             | 294,318                                     |
|                                               | <u>6,981,028</u>                    | <u>4,400,101</u>                            |

In the prior period, the "C" loan notes were adjusted on a present value basis to a market rate of 10% over the 6 year term. For further information see note 17.

The company capitalised £3,733,899 of transaction costs in the prior period as part of the arrangement of loans and loan notes associated with the business combinations. These transaction costs are to be amortised over the duration of the loan notes, being 6 years ending in 2020, and bank loans, being 6 years ending in 2021.

## 8 Interest receivable and similar income

|                      | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>28 March<br>2016<br>£ |
|----------------------|-------------------------------------|---------------------------------------------|
| Bank interest income | <u>5,694</u>                        | <u>15,746</u>                               |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 9 Taxation on loss on ordinary activities

|                                                | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>28 March<br>2016<br>£ |
|------------------------------------------------|-------------------------------------|---------------------------------------------|
| <i>Current tax</i>                             |                                     |                                             |
| UK corporation tax credit                      | (355,047)                           | -                                           |
| <i>Deferred tax</i>                            |                                     |                                             |
| Origination and reversal of timing differences | (356,575)                           | 240,436                                     |
| Adjustments in respect of prior periods        | (163,116)                           | -                                           |
| Effect of tax rate change on opening balance   | (57,835)                            | -                                           |
|                                                | (577,526)                           | 240,436                                     |
| Taxation on loss on ordinary activities        | (932,573)                           | 240,436                                     |

The tax assessed for the year is different to the standard rate of corporation tax in the UK applied to the loss before tax. The differences are explained below:

|                                                                                                                | Year ended<br>25 March<br>2017<br>£ | 16 months<br>ended<br>28 March<br>2016<br>£ |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------|
| Loss on ordinary activities before tax                                                                         | (10,528,088)                        | (6,980,413)                                 |
| Tax on loss on ordinary activities at the standard rate of corporation tax in the UK of 20.00% (2016 - 20.23%) | (2,105,618)                         | (1,412,138)                                 |
| Effects of:                                                                                                    |                                     |                                             |
| Tax adjustments and transfers                                                                                  | (13,810)                            | -                                           |
| Expenses not deductible for tax purposes                                                                       | 1,103,253                           | 400,400                                     |
| Adjustment to tax charge in respect of prior period                                                            | (345,068)                           | -                                           |
| Adjustment to tax charge in respect of prior period – deferred tax                                             | (165,832)                           | -                                           |
| Fixed asset differences                                                                                        | (208,769)                           | 144,409                                     |
| Adjustment to opening deferred tax to average rate 20%                                                         | 114,287                             | -                                           |
| Adjustment to closing deferred tax to average rate 20%                                                         | (133,857)                           | -                                           |
| Research and development expenditure credits - trade                                                           | 5,586                               | -                                           |
| Deferred tax not recognised                                                                                    | 968,880                             | 626,893                                     |
| Unwinding of deferred tax liability                                                                            | (151,625)                           | -                                           |
| Total tax charge for period                                                                                    | (932,573)                           | (240,436)                                   |

The aggregate current and deferred tax relating to items recognised in the statement of total comprehensive income is a credit of £577,526 (2016: credit of £240,436).

For further information on deferred tax balances see notes 19 and 21.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 10 Parent company loss for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the period was £657,008.

## 11 Intangible assets

| Group                                                    | Customer<br>related<br>£ | Goodwill on<br>consolidation<br>£ | Total<br>£  |
|----------------------------------------------------------|--------------------------|-----------------------------------|-------------|
| Cost                                                     |                          |                                   |             |
| Arising on business combinations<br>and at 25 March 2017 | 8,173,000                | 8,837,853                         | 17,010,853  |
| <i>Amortisation</i>                                      |                          |                                   |             |
| At 27 March 2016                                         | (691,825)                | (1,062,169)                       | (1,753,994) |
| Provision for period and at 25 March 2017                | (817,300)                | (1,349,374)                       | (2,166,674) |
| At 25 March 2017                                         | 1,509,125                | 2,411,544                         | 3,920,668   |
| <i>Net book value</i>                                    |                          |                                   |             |
| At 25 March 2017                                         | 6,663,875                | 6,426,309                         | 13,090,185  |
| At 26 March 2016                                         | 7,481,175                | 7,775,684                         | 15,256,859  |

The customer related intangible and goodwill arose on the acquisition of CLEAN Linen Services Limited on 12 December 2014 and BCOMP 497 group companies on 21 December 2015. For further details regarding the business combinations, including a breakdown of the intangibles and goodwill to the separate transactions, see note 22. The amortisation period on the customer related intangible and goodwill arising on the acquisition of CLEAN Linen Services Limited have approximately 7 and 4 years respectively remaining. The amortisation period on the customer related intangible and goodwill arising on the acquisition of BCOMP 497 group have approximately 8 and 4 years respectively remaining.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 12 Tangible fixed assets

|                                                                    | Investment<br>properties<br>£ | Freehold<br>land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Fixtures,<br>fittings<br>and<br>equipment<br>£ | Work in<br>progress<br>£ | Total<br>£        |
|--------------------------------------------------------------------|-------------------------------|----------------------------------------|-----------------------------|------------------------|------------------------------------------------|--------------------------|-------------------|
| <i>Cost or valuation</i>                                           |                               |                                        |                             |                        |                                                |                          |                   |
| At 27 March 2016                                                   | 1,440,000                     | 4,876,903                              | 15,342,408                  | 480,757                | 628,136                                        | 3,184,195                | 25,952,399        |
| Additions                                                          | -                             | 147,054                                | 10,598,130                  | 91,300                 | 551,823                                        | 9,893                    | 11,398,200        |
| Disposals                                                          | -                             | (19,107)                               | (1,266,276)                 | (19,363)               | (180,325)                                      | -                        | (1,485,071)       |
| Revaluation                                                        | 1,660,650                     | -                                      | -                           | -                      | -                                              | -                        | 1,660,650         |
| Transfer accumulated depreciation to<br>investment properties cost | (237,917)                     | -                                      | -                           | -                      | -                                              | -                        | (237,917)         |
| Transfers between categories                                       | 1,237,267                     | (1,237,267)                            | 3,136,974                   | -                      | 28,606                                         | (3,165,580)              | -                 |
| At 25 March 2017                                                   | <b>4,100,000</b>              | <b>3,767,583</b>                       | <b>27,811,236</b>           | <b>552,694</b>         | <b>1,028,240</b>                               | <b>28,508</b>            | <b>37,288,261</b> |
| <i>Depreciation</i>                                                |                               |                                        |                             |                        |                                                |                          |                   |
| At 29 March 2016                                                   | -                             | 144,984                                | 2,456,784                   | 53,470                 | 132,980                                        | -                        | 2,788,218         |
| Provided for the year                                              | -                             | 158,304                                | 3,487,858                   | 195,688                | 218,222                                        | -                        | 4,060,072         |
| Transfer to investment properties cost                             | -                             | (237,917)                              | -                           | -                      | -                                              | -                        | (237,917)         |
| Disposals                                                          | -                             | (9,146)                                | (715,408)                   | (18,407)               | (51,204)                                       | -                        | (794,165)         |
| At 25 March 2017                                                   | -                             | <b>56,225</b>                          | <b>5,229,234</b>            | <b>230,751</b>         | <b>299,998</b>                                 | -                        | <b>5,816,208</b>  |
| <i>Net book value</i>                                              |                               |                                        |                             |                        |                                                |                          |                   |
| At 25 March 2017                                                   | <b>4,100,000</b>              | <b>3,711,358</b>                       | <b>22,582,002</b>           | <b>321,943</b>         | <b>728,242</b>                                 | <b>28,508</b>            | <b>31,472,053</b> |
| At 27 March 2016                                                   | 1,440,000                     | 4,731,919                              | 12,885,624                  | 427,287                | 495,156                                        | 3,184,195                | 23,164,181        |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 12 Tangible fixed assets (*continued*)

### Investment properties

The surplus on revaluation of investment property arising of £1,660,653 (company - £Nil) has been credited to the profit and loss for the year. All other tangible assets are stated at historical cost less depreciation and impairments.

If investment property had been accounted for under the historic cost accounting rules, the property would have been measured as follows:

|                                                   | Group<br>£'000        |
|---------------------------------------------------|-----------------------|
| Historic cost (at acquisition)                    | 2,677,267             |
| Accumulated depreciation and impairments          | 28,800                |
|                                                   | <hr/> 2,648,467 <hr/> |
| Excess of net book value over historic cost basis | 1,451,533 <hr/>       |

The Group's investment property was sold to a third party on 25 September 2017, the valuation at year end is the same as the sale price as there were no significant movements in the market in the post year end period.

### Assets under Construction

The Group began the construction of a new laundry facility in Slough in February 2016. The brought forward balance of work in progress of £3,184,195 relates to the construction of a new laundry facility in Slough. The project completed in October 2016 and the facility is now in use, on this date the asset was transferred to Plant & Machinery and the depreciation charge started. The carry forward balance of £28,508 relates to work in progress on a washer installation at our Yeovil site.

### Finance Leases

The net book value of plant, machinery and vehicles for the group includes an amount of £445,872 (2016: £661,833) in respect of assets held under finance leases and hire purchase contracts. The company had no assets held under such leases at either year end.

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 13 Fixed asset investments

| Company                            | Group undertakings<br>£ |
|------------------------------------|-------------------------|
| Cost                               |                         |
| At 27 March 2016 and 25 March 2017 | 5,765,943               |

### *Subsidiary undertakings and associated undertakings*

The principal undertakings directly or indirectly in which the Company's interest at the period end is 20% or more are as follows:

| Name                                      | Country of incorporation or registration | Proportion of voting rights and ordinary share capital held | Nature of business                                  |
|-------------------------------------------|------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------|
| <i>Subsidiary undertakings - direct</i>   |                                          |                                                             |                                                     |
| CLEAN Viking Bidco Limited                | United Kingdom                           | 100%                                                        | Provision of management services to group companies |
| <i>Subsidiary undertakings - indirect</i> |                                          |                                                             |                                                     |
| Clean Viking Acquisition Co Limited       | United Kingdom                           | 100%                                                        | Investment company                                  |
| CLEAN Linen Services Limited              | United Kingdom                           | 100%                                                        | Provision of laundry service                        |
| Clean Watford Limited                     | United Kingdom                           | 100%                                                        | Provision of laundry service                        |
| CLEAN Linen Services (South) Limited      | United Kingdom                           | 100%                                                        | Dormant company                                     |
| BCOMP 497 Limited                         | United Kingdom                           | 100%                                                        | Holding company                                     |
| Stevens-Hatherley Holdings Limited        | United Kingdom                           | 100%                                                        | Provision of laundry service                        |
| Paragon Laundry Limited                   | United Kingdom                           | 100%                                                        | Provision of laundry service                        |
| Paris Laundry Systems Limited             | United Kingdom                           | 100%                                                        | Dormant company                                     |
| The Brilliant Laundry Group Limited       | United Kingdom                           | 66.6%                                                       | Orchestrator of commercial laundry services         |

All subsidiary undertakings have been fully consolidated within these financial statements.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 14 Stocks

|                                     | Group<br>2017<br>£ | Group<br>2016<br>£ |
|-------------------------------------|--------------------|--------------------|
| Raw materials and consumables       | 103,731            | 232,881            |
| Finished goods and goods for resale | 2,593,089          | 858,686            |
|                                     | <u>2,696,820</u>   | <u>1,091,567</u>   |

There is no material difference between the replacement cost of stocks and the amounts stated above.

## 15 Debtors

|                                       | Group<br>2017<br>£ | Group<br>2016<br>£ | Company<br>2017<br>£ | Company<br>2016<br>£ |
|---------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors                         | 15,207,014         | 14,271,049         | -                    | -                    |
| Amounts owed by group<br>undertakings | -                  | -                  | 197,130              | 197,130              |
| Other debtors                         | 11,157,274         | 10,901,060         | 1,100                | -                    |
| Prepayments                           | 2,846,532          | 643,324            | -                    | -                    |
|                                       | <u>29,210,820</u>  | <u>25,815,433</u>  | <u>198,230</u>       | <u>197,130</u>       |

Other debtors include deferred expenditure of £10,588,674 (2016: £10,332,462) representing the amortised cost of pool rental linen, which is being written off over a period of two to three years.

The impairment loss recognised in the company profit or loss for the period in respect of bad and doubtful trade debts was a credit of £47,775 (2016 credit of £8,545).

## 16 Creditors: amounts falling due within one year

|                                                      | Group<br>2017<br>£ | Group<br>2016<br>£ | Company<br>2017<br>£ | Company<br>2016<br>£ |
|------------------------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade creditors                                      | 8,020,753          | 4,378,550          | -                    | -                    |
| Corporation tax                                      | 230,596            | 783,146            | -                    | -                    |
| Taxation and social security                         | 1,281,974          | 1,705,382          | -                    | -                    |
| Obligations under finance lease and<br>hire purchase | 237,554            | 213,095            | -                    | -                    |
| Other creditors                                      | 120,493            | 613,819            | -                    | -                    |
| Accruals and deferred income                         | 5,198,290          | 4,066,819          | -                    | -                    |
| Amounts owed to group undertakings                   | -                  | -                  | 6,601                | -                    |
|                                                      | <u>15,089,660</u>  | <u>11,760,811</u>  | <u>6,601</u>         | <u>-</u>             |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 17 Creditors: amounts falling due after more than one year

|                                                   | Group<br>2017<br>£ | Group<br>2016<br>£ | Company<br>2017<br>£ | Company<br>2016<br>£ |
|---------------------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Bank loan                                         | 49,088,654         | 35,929,671         | -                    | -                    |
| Other creditor                                    | -                  | 10,030             | -                    | -                    |
| Loan notes                                        | 27,267,371         | 24,635,177         | 7,218,318            | 6,566,811            |
| Obligations under finance lease and hire purchase | -                  | 249,602            | -                    | -                    |
|                                                   | <u>76,356,025</u>  | <u>60,824,480</u>  | <u>7,218,318</u>     | <u>6,566,811</u>     |

The maturity of sources of debt finance, excluding other creditors, are as follows:

| Group                                               | Loans and overdrafts<br>2017<br>£ | Finance leases<br>2017<br>£ | Loan notes<br>2017<br>£ | Total<br>2017<br>£ |
|-----------------------------------------------------|-----------------------------------|-----------------------------|-------------------------|--------------------|
| In one year or less, or on demand                   | -                                 | 237,554                     | -                       | 237,554            |
| In more than one year but not more than two years   | -                                 | -                           | -                       | -                  |
| In more than two years but not more than five years | 49,088,654                        | -                           | 27,267,371              | 76,356,025         |
| In more than five years                             | -                                 | -                           | -                       | -                  |
|                                                     | <u>49,088,654</u>                 | <u>237,554</u>              | <u>27,267,371</u>       | <u>76,593,579</u>  |
| Group                                               | Loans and overdrafts<br>2016<br>£ | Finance leases<br>2016<br>£ | Loan notes<br>2016<br>£ | Total<br>2016<br>£ |
| In one year or less, or on demand                   | -                                 | 213,095                     | -                       | 213,095            |
| In more than one year but not more than two years   | -                                 | 249,602                     | -                       | 249,602            |
| In more than two years but not more than five years | -                                 | -                           | 24,635,177              | 24,635,177         |
| In more than five years                             | 35,929,671                        | -                           | -                       | 35,929,671         |
|                                                     | <u>35,929,671</u>                 | <u>462,697</u>              | <u>24,635,177</u>       | <u>61,027,545</u>  |

There is a cross guarantee between subsidiaries of the group relating to the bank loan. The bank loan is secured by a fixed and floating charge over the assets of the Group, see note 26.

The Group has drawdown a further £12.5m on the loan facility with Permira Credit Solutions (2016:£38m). The principal loan is repayable on maturity in 2021 with interest being payable on a semi-annual basis. The loan accrues interest at LIBOR +6.75%. Finance issue costs of £3,015,492 incurred for the arrangement of the loans, have been offset against the liability and is being amortised over the term of the loan.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 17 Creditors: amounts falling due after more than one year (continued)

| Company                 | 2017<br>Loan<br>Notes<br>£ | 2016<br>Loan<br>Notes<br>£ |
|-------------------------|----------------------------|----------------------------|
| In two to five years    | 7,218,318                  | -                          |
| In more than five years | -                          | 6,566,811                  |

The loan notes include £3,116,500 (2016: £2,833,234) "B" 10% fixed secured notes that are repayable in 4 years in 2020 and, £4,101,863 (2016: 3,733,577) "C" 5% fixed secured notes repayable in 4 years in 2020. The "A" and "B" loan notes rank ahead of "C" loan notes. Interest on notes accrues daily, calculated on the basis of a 365 day year, and is compounded annually on 31 December each year. See note 24 for further details of loan notes in issue.

## 18 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

|                                                                       | 2017<br>£  | 2017<br>£ | 2016<br>£  | 2016<br>£ |
|-----------------------------------------------------------------------|------------|-----------|------------|-----------|
| <b>Financial assets</b>                                               |            |           |            |           |
| Financial assets that are debt instruments measured at amortised cost |            | 5,963,073 | 14,358,255 | 5,963,073 |
| Financial assets held as cash                                         | 1,768,373  | 60        | 4,250,603  | -         |
| <b>Financial liabilities</b>                                          |            |           |            |           |
| Financial liabilities measured at amortised cost                      | 89,098,632 | 7,224,919 | 69,489,644 | 6,566,811 |

Financial assets measured at amortised cost comprise fixed asset investments, trade debtors, other debtors and amounts owed by associated undertakings.

Financial liabilities measured at amortised cost comprise loan notes, bank loans, trade creditors, other creditors, accruals and hire purchase arrangements.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 19 Provisions for liabilities

|                                            | Tax and<br>social<br>security<br>provision<br>£ | Deferred<br>taxation<br>£ | Deferred<br>taxation on<br>business<br>combinations<br>£ | Total<br>£       |
|--------------------------------------------|-------------------------------------------------|---------------------------|----------------------------------------------------------|------------------|
| At 27 March 2016                           | 498,000                                         | 1,217,527                 | 1,742,775                                                | 3,458,302        |
| Credited to the profit and loss<br>account | -                                               | (453,704)                 | (151,625)                                                | (605,329)        |
| At 25 March 2017                           | <b>498,000</b>                                  | <b>763,823</b>            | <b>1,591,150</b>                                         | <b>2,852,973</b> |

In a prior year, the Company entered into certain arrangements to incentivise employees. H M Revenue & Customs have made enquiries into these arrangements and have notified the Company of assessments of £498,000. The directors are of the opinion that the Company has complied in full with the relevant tax legislation in respect of these arrangements however deem an economic outflow may result. Subsequent to the year end, a settlement has been discussed with HMRC with payment on account made in September 2017, however, formal HMRC clearance has not been received. On settlement the reimbursement balance of £498,000 would become due in full and this has been recognised in other debtors (see note 15). There is no impact in the statement of total comprehensive income.

### *Factors that may affect future tax charges*

The standard rate of corporation tax in the United Kingdom remains at 20% from 1 April 2016. The Finance (No.2) Bill 2015, which provides for reductions in the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020 were announced in the July 2015 budget were substantively enacted on 26 October 2015. The Finance Act 2016 which provides for further reductions in the main rate of corporation tax to 17% from 1 April 2020 were substantively enacted on 6 September 2016.

For the purposes of deferred tax, the rate changes from 20% to 17% had been substantively enacted before the balance sheet date. This will reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly.

The future deferred tax balance is dependent on future changes in fair values of assets and liabilities and therefore it is not possible to estimate any future reversals at this stage.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 20 Share capital

|                                           | 2017<br>£ | 2016<br>£ |
|-------------------------------------------|-----------|-----------|
| <i>Allotted, called up and fully paid</i> |           |           |
| Ordinary shares of £0.01 each             | 2,000     | 1,940     |
| Ordinary 'A' shares of £0.01 each         | 1,000     | 1,000     |
| Ordinary 'B' shares of £0.01 each         | 800       | 800       |
| Ordinary 'C' shares of £0.01 each         | 200       | 140       |
|                                           | 2,000     | 1,940     |

|                            | Share capital<br>Number | £     | Share<br>premium<br>£ |
|----------------------------|-------------------------|-------|-----------------------|
| At incorporation           | -                       | -     |                       |
| £0.01 Ordinary "A" shares  | 100,000                 | 1,000 | 99,000                |
| £0.01 Ordinary "B" shares  | 80,000                  | 800   | 59,689                |
| Issued on 23 December 2014 |                         |       |                       |
| £0.01 Ordinary "C" shares  | 13,000                  | 130   | -                     |
| Issued on 24 April 2015    |                         |       |                       |
| £0.01 Ordinary "C" shares  | 1,000                   | 10    | 990                   |
| At 26 March 2016           |                         | 1,940 | 159,679               |
| £0.01 Ordinary "C" shares  | 6,000                   | 60    | -                     |
| At 25 March 2017           |                         | 2,000 | 159,679               |

The "A", "B" and "C" shares rank equally with regards to voting rights.

The "A" and 1,000 "C" shares have a nominal value of £0.01 and were issued at a premium of £0.99. Other "C" shares have a nominal value of £0.01 and were issued at par. The "B" shares have a nominal value of £0.01 and were recognised at a premium that reflects the fair value of the consideration paid.

All shares rank equally with regards to dividends, however dividends may be paid on one class of share at the exclusion of other classes of shares via an ordinary resolution or at the direction of the Directors.

The "A", "B" and "C" shares rank equally with regards to distributions on winding up or other repayment of capital.

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 21 Prior year - Business combinations

### Acquisition of CLEAN Linen Services Limited

On 12 December 2014 the Group acquired 100% of CLEAN Linen Services Limited for £20,532,738 paid by cash and deferred consideration and financed by the issue of loan notes.

In calculating the goodwill arising on acquisition, the fair values of the net assets of CLEAN Linen Services Limited have been assessed and adjustments from book value have been made where necessary.

|                                                                                       | Net book<br>value<br>£ | Fair value<br>adjustments<br>£ | Fair value<br>£     |
|---------------------------------------------------------------------------------------|------------------------|--------------------------------|---------------------|
| <b>Fixed assets</b>                                                                   |                        |                                |                     |
| Tangible fixed assets - land and buildings                                            | 3,813,395              | 2,370,117                      | 6,183,512           |
| Tangible fixed assets - other                                                         | 7,666,991              | -                              | 7,666,991           |
| Investment in associates                                                              | 10,000                 | 108,127                        | 118,127             |
| Intangibles separately identified on acquisition;<br>- Customer Related (see note 11) |                        | 4,680,000                      | 4,680,000           |
|                                                                                       | <u>11,490,386</u>      | <u>7,158,244</u>               | <u>18,648,630</u>   |
| <b>Current assets</b>                                                                 |                        |                                |                     |
| Stocks                                                                                | 1,236,573              | -                              | 1,236,573           |
| Debtors                                                                               | 9,344,961              | -                              | 9,344,961           |
| Cash at bank and in hand                                                              | 1,471,973              | -                              | 1,471,973           |
|                                                                                       | <u>12,053,507</u>      | <u>-</u>                       | <u>12,053,507</u>   |
| <b>Total assets</b>                                                                   | <u>23,543,893</u>      | <u>7,158,244</u>               | <u>30,702,137</u>   |
| <b>Creditors</b>                                                                      |                        |                                |                     |
| Due within one year                                                                   |                        |                                |                     |
| Bank loans                                                                            | (6,226,572)            | -                              | (6,226,572)         |
| Trade creditors                                                                       | (5,654,691)            | -                              | (5,654,691)         |
| Due after more than one year                                                          |                        |                                |                     |
| Bank loans                                                                            | (2,107,313)            | -                              | (2,107,313)         |
| Trade creditors                                                                       | (103,041)              | -                              | (103,041)           |
| Deferred tax on differences between fair values and tax<br>bases                      | -                      | (1,269,021)                    | (1,269,021)         |
|                                                                                       | <u>(14,091,617)</u>    | <u>(1,269,021)</u>             | <u>(15,360,638)</u> |
| <b>Total liabilities</b>                                                              | <u>(14,091,617)</u>    | <u>(1,269,021)</u>             | <u>(15,360,638)</u> |
| <b>Fair value of net assets</b>                                                       |                        |                                | <u>15,341,499</u>   |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 *(continued)*

## 21 Prior year - Business combinations *(continued)*

|                                                                       | Fair value<br>£   |
|-----------------------------------------------------------------------|-------------------|
| <b>Fair value of net assets</b> <i>(brought forward from page 36)</i> | <b>15,341,499</b> |
| Goodwill (see note 11)                                                | 5,191,239         |
| <b>Total purchase consideration (including expenses of £286,202)</b>  | <b>20,532,738</b> |
| Purchase consideration settled in cash                                | 14,480,594        |
| Cash and cash equivalents in subsidiary acquired                      | (1,471,973)       |
| <b>Cash outflow on acquisition</b>                                    | <b>13,008,621</b> |

The useful economic life of goodwill has been estimated to be 7 years, based on assessment by the directors and consideration of a third party valuation report.

The results of CLEAN Linen Services Limited for the period from its acquisition on 12 December 2014 to 26 March 2016 are as follows:

|                       | £                 |
|-----------------------|-------------------|
| Turnover              | <b>37,685,227</b> |
| Profit for the period | <b>539,970</b>    |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 21 Prior year - Business combinations (continued)

### Acquisition of BCOMP 497 Limited

On 21 December 2015 the Group acquired 100% of the BCOMP 497 Limited Group for £10,259,224 paid by cash and financed by the issue of loan. This was subsequently adjusted to £10,188,626

In calculating the goodwill arising on acquisition, the fair values of the net assets of the BCOMP 497 Limited Group have been assessed and adjustments from book value have been made where necessary.

|                                                                                       | Book value<br>£     | Fair value<br>adjustments<br>£ | Fair value<br>£     |
|---------------------------------------------------------------------------------------|---------------------|--------------------------------|---------------------|
| <b>Fixed assets</b>                                                                   |                     |                                |                     |
| Tangible fixed assets - land and buildings                                            | -                   | -                              | -                   |
| Tangible fixed assets - other                                                         | 7,451,240           | 452,873                        | 7,904,113           |
| Investment in associates                                                              | 10,000              | 103,406                        | 113,406             |
| Intangibles separately identified on acquisition;<br>- Customer Related (see note 11) |                     | 3,493,000                      | 3,493,000           |
|                                                                                       | <b>7,461,240</b>    | <b>4,049,279</b>               | <b>11,510,519</b>   |
| <b>Current assets</b>                                                                 |                     |                                |                     |
| Stocks                                                                                | 105,757             | -                              | 105,757             |
| Debtors                                                                               | 13,399,166          | (1,231,684)                    | 12,167,482          |
|                                                                                       | <b>13,504,923</b>   | <b>(1,231,684)</b>             | <b>12,273,239</b>   |
| <b>Total assets</b>                                                                   | <b>20,966,163</b>   | <b>2,817,595</b>               | <b>23,783,758</b>   |
| <b>Creditors</b>                                                                      |                     |                                |                     |
| Due within one year                                                                   |                     |                                |                     |
| Bank loan                                                                             | (525,111)           | -                              | (525,111)           |
| Trade creditors                                                                       | (1,722,568)         | -                              | (1,722,568)         |
| Other creditors                                                                       | (7,302,975)         | -                              | (7,302,975)         |
| Overdraft                                                                             | (2,989,239)         | -                              | (2,989,239)         |
| Due after more than one year                                                          |                     |                                |                     |
| Bank loans                                                                            | (2,691,232)         | -                              | (2,691,232)         |
| Other creditors                                                                       | (642,060)           | -                              | (642,060)           |
| Deferred tax on differences between fair values<br>and tax bases                      | (549,849)           | (628,740)                      | (1,178,589)         |
| <b>Total liabilities</b>                                                              | <b>(16,423,034)</b> | <b>(628,740)</b>               | <b>(17,051,774)</b> |
| <b>Fair value of net assets acquired</b>                                              |                     |                                | <b>6,731,984</b>    |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 *(continued)*

## 21 Prior year - Business combinations *(continued)*

|                                                                               | £                 |
|-------------------------------------------------------------------------------|-------------------|
| <b>Fair value of net assets</b> <i>(brought forward from page 38)</i>         | 6,731,984         |
| Goodwill (see note 11)                                                        | 3,637,774         |
|                                                                               | <hr/>             |
| <b>Total adjusted purchase consideration (including expenses of £181,132)</b> | <b>10,369,758</b> |
|                                                                               | <hr/>             |
| Purchase consideration settled in cash                                        | 10,259,224        |
| Cash and cash equivalents in subsidiary acquired                              | 2,989,239         |
|                                                                               | <hr/>             |
| <b>Cash outflow on acquisition</b>                                            | <b>13,248,463</b> |
|                                                                               | <hr/>             |

The useful economic life of goodwill has been estimated to be 6 years, based on assessment by the directors and consideration of a third party valuation report.

The results of the BCOMP 497 Limited Group for the period from its acquisition on 21 December 2015 to 26 March 2016 are as follows:

|                     | £         |
|---------------------|-----------|
| Turnover            | 8,100,727 |
|                     | <hr/>     |
| Loss for the period | (120,476) |
|                     | <hr/>     |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 21 Prior year - Business combinations (*continued*)

### *Acquisition of a controlling share of the The Brilliant Laundry Group Limited*

On 21 December 2015, the Group took control of the company by virtue of its shareholdings within the Group.

In calculating the goodwill arising on acquisition, the fair values of the net assets of The Brilliant Laundry Group Limited have been assessed and adjustments from book value have been made where necessary.

|                                            | Fair value<br>£   |
|--------------------------------------------|-------------------|
| <b>Fixed assets</b>                        |                   |
| Tangible fixed assets - land and buildings | -                 |
| Tangible fixed assets - other              | 17,559            |
|                                            | <hr/> 17,559      |
| <b>Current assets</b>                      |                   |
| Debtors                                    | 3,728,539         |
| Cash at bank and in hand                   | 733,952           |
|                                            | <hr/> 4,462,491   |
| <b>Total assets</b>                        | <hr/> 4,480,050   |
| <b>Creditors</b>                           |                   |
| Due within one year                        |                   |
| Other creditors                            | (2,173,940)       |
| Trade creditors                            | (1,965,889)       |
| Due after more than one year               | -                 |
|                                            | <hr/> (4,139,829) |
| <b>Total liabilities</b>                   | <hr/> (4,139,829) |
| <b>Fair value of net assets</b>            | <hr/> 340,221     |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 *(continued)*

## 21 Prior year - Business combinations *(continued)*

|                                                                       | £                |
|-----------------------------------------------------------------------|------------------|
| <b>Fair value of net assets</b> <i>(brought forward from page 40)</i> | <b>340,221</b>   |
| Non-controlling interest share of assets                              | (113,406)        |
|                                                                       | <hr/>            |
| <b>Group's proportion of fair value of net assets acquired</b>        | <b>226,815</b>   |
| <b>Total purchase consideration</b>                                   | <b>(231,533)</b> |
|                                                                       | <hr/>            |
| Goodwill on business combination on 21 December 2015                  | 4,718            |
| Additional goodwill on reversal of share of associate                 | 4,122            |
|                                                                       | <hr/>            |
| <b>Total goodwill (see note 11)</b>                                   | <b>8,840</b>     |
|                                                                       | <hr/>            |
| Purchase consideration settled in cash                                | -                |
| Cash and cash equivalents in subsidiary acquired                      | (733,952)        |
|                                                                       | <hr/>            |
| <b>Cash inflow on acquisition</b>                                     | <b>(733,952)</b> |
|                                                                       | <hr/>            |

The useful economic life of goodwill has been estimated to be 6 years, based on assessment by the directors and consideration of a third party valuation report.

The results of The Brilliant Laundry Group Limited for the period from its acquisition on 21 December 2015 to 26 March 2016 are as follows:

|                     | £       |
|---------------------|---------|
| Turnover            | 235,331 |
|                     | <hr/>   |
| Loss for the period | (3,481) |
|                     | <hr/>   |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 21 Prior year - Business combinations (*continued*)

### *Trade and certain assets purchased by Clean Watford Limited*

On 5 October 2015 the Group acquired the trade and certain assets of Watford Launderers and Cleaners Limited for £1 paid by cash.

In calculating the goodwill arising on acquisition, the fair values of the net assets of Clean Watford Limited have been assessed and adjustments from book value have been made where necessary.

|                                                        | Net book<br>and<br>fair value<br>£ |
|--------------------------------------------------------|------------------------------------|
| <b>Fixed assets</b>                                    |                                    |
| Tangible fixed assets - land and buildings             | -                                  |
| Tangible fixed assets - other                          | 198,048                            |
| Intangible assets separately identified on acquisition | -                                  |
|                                                        | <hr/> 198,048                      |
| <b>Current assets</b>                                  |                                    |
| Stocks                                                 | 54,266                             |
| Debtors                                                | 11,100                             |
| Cash at bank and in hand                               | 250,000                            |
|                                                        | <hr/> 315,366                      |
| <b>Total assets</b>                                    | <hr/> 513,414                      |
| <b>Creditors</b>                                       |                                    |
| Due within one year                                    | -                                  |
| Due after more than one year                           | -                                  |
|                                                        | <hr/> -                            |
| <b>Total liabilities</b>                               | <hr/> -                            |
| <b>Fair value of net assets acquired</b>               | <hr/> 513,414                      |

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (continued)

## 21 Prior year - Business combinations (continued)

|                                                                      | £                |
|----------------------------------------------------------------------|------------------|
| <b>Fair value of net assets</b>                                      | <b>513,414</b>   |
| Negative goodwill                                                    | (409,909)        |
| <b>Total purchase consideration (including expenses of £103,504)</b> | <b>103,505</b>   |
| Purchase consideration settled in cash, included in above            | 1                |
| Cash and cash equivalents in subsidiary acquired                     | (250,000)        |
| <b>Cash inflow on acquisition</b>                                    | <b>(249,999)</b> |

The useful economic life of goodwill has been estimated to be 6 months, based on assessment by the directors and consideration of a third party valuation report.

The results of Clean Watford Limited for the period from its acquisition on 5 October 2015 to 26 March 2016 are as follows:

|                       | £                |
|-----------------------|------------------|
| Turnover              | <b>2,035,788</b> |
| Profit for the period | <b>281,695</b>   |

The negative goodwill that arose on the acquisition of the trade and certain assets of Watford Launderers and Cleaners Limited was fully amortised in the previous period

## 22 Commitments under operating leases

As at 25 March 2017 the group had total future minimum commitments under non-cancellable operating leases as set out below:

|                                              | Land and<br>buildings<br>2017<br>£ | Other<br>2017<br>£ | Land and<br>buildings<br>2016<br>£ | Other<br>2016<br>£ |
|----------------------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|
| Operating leases commitments which are owed: |                                    |                    |                                    |                    |
| Within one year                              | 1,092,167                          | 1,462,129          | 903,972                            | 1,064,026          |
| In one to five years                         | 5,545,083                          | 2,710,026          | 4,607,959                          | 1,961,912          |
| Over five years                              | 9,538,333                          | -                  | 11,758,333                         | -                  |
|                                              | <b>16,175,583</b>                  | <b>4,172,154</b>   | <b>17,270,264</b>                  | <b>3,025,938</b>   |

The company had no commitments under non-cancellable operating leases.

# CLEAN Viking Holdings Limited

## Notes forming part of the financial statements for the year ended 25 March 2017 (continued)

### 23 Post balance sheet events

Subsequent to the year end, on 25 September 2017 the land and buildings owned at the site in Maidenhead were sold to a third party. These assets are classified as investment properties within tangible fixed assets in these financial statements and the sale price was not materially different to the value stated in note 13.

### 24 Related party disclosures

The ultimate parent company of the Company is CLEAN Viking Holdings Limited which owns the entire share capital of the Company.

During the period ended 26 March 2016, CLEAN Viking Bidco Limited entered into an arrangement with MML Capital Europe V S.A. CLEAN Viking Bidco Limited borrowed £15,980,000 in the form of "A" loan notes, repayable in 6 years (2020), at an interest rate of 10% compounding annually, accruing daily. MML Capital Partners Fund V LP own 49.97% of "A" ordinary share capital and MML Capital Partners V Coinvest LP own 0.54% of "A" ordinary share capital of the total share capital of CLEAN Viking Holdings Limited. At 25 March 2017 CLEAN Viking Bidco Limited owed MML Capital Europe V S.A £19,920,667 (2016: £18,110,029).

During the period ended 26 March 2016, CLEAN Viking Bidco Limited entered into an arrangement with MML Capital Europe V S.A. CLEAN Viking Bidco Limited borrowed £276,836 in the form of "A" loan notes, repayable in 6 years (2020), at an interest rate of 10% compounding annually, accruing daily. MML Capital Partners Fund V LP own 49.97% of "A" ordinary share capital and MML Capital Partners V Coinvest LP own 0.54% of "A" ordinary share capital of the total share capital of CLEAN Viking Holdings Limited. At 25 March 2017 CLEAN Viking Bidco Limited owed MML Capital Europe V S.A £319,562 (2016: £290,431).

CLEAN Viking Holdings Limited (the "Company") entered into an arrangement with Jason Miller. CLEAN Viking Holdings Limited borrowed £2,500,000 in the form of "B" loan notes, repayable in 6 years (2020), at an interest rate of 10% compounding annually, accruing daily and £4,239,406 "C" loan notes, repayable in 6 years (2020), at an interest rate of 5% compounding annually, accruing daily. Jason Miller owns 40.72% of "B" ordinary share capital of the total share capital of CLEAN Viking Holdings Limited. At 25 March 2017 CLEAN Viking Holdings Limited owed Jason Miller £3,116,500 (2016: £2,833,235) in the form of "B" loan notes and £3,995,918 (2016: £3,632,719) in the form of "C" loan notes.

CLEAN Viking Bidco Limited (the "Company") entered into an arrangement with Jason Miller. CLEAN Viking Bidco Limited borrowed (2016: £223,164) in the form of loan notes, repayable in 6 years (2020), at an interest rate of 10% compounding annually, accruing daily. Jason Miller owns 40.72% of "B" ordinary share capital of the total share capital of CLEAN Viking Holdings Limited. At 25 March 2017 CLEAN Viking Bidco Limited owed Jason Miller £252,554 (2016: £229,354) in the form of loan notes.

CLEAN Viking Bidco Limited entered into an arrangement with MML Capital Europe V S.A. CLEAN Viking Bidco Limited (the "Company") incurred monitoring fees of £50,639 (2016: £65,103). At 25 March 2017 CLEAN Viking Bidco Limited owed MML Capital Europe V S.A £12,500 (2016: £12,500).

CLEAN Viking Bidco Limited entered into an arrangement with Bradenham Partners LLP. CLEAN Viking Bidco Limited (the "Company") incurred chairman fees of £40,263 (2016: £37,098). At 25 March 2017 CLEAN Viking Bidco Limited owed Bradenham Partners LLP £4,063 (2016: £4,031). Bradenham Partners LLP owns 2% of "C" ordinary share capital of total share capital of CLEAN Viking Holdings Limited.

CLEAN Viking Acquisition Co Limited entered into an arrangement with Bradenham Partners LLP. During the period ended 26 March 2016 CLEAN Viking Acquisition Co Limited (the "Company") incurred modelling fees in relation to 'Project Tuscany' of £20,724, no fees were incurred during the year ended 25 March 2017. At 25 March 2017 and 26 March 2016 CLEAN Viking Bidco Limited owed Bradenham Partners LLP £Nil.

## CLEAN Viking Holdings Limited

### Notes forming part of the financial statements for the year ended 25 March 2017 (*continued*)

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#### 24 Related party disclosures (*continued*)

Stevens-Hatherley Holdings Limited made sales of £nil (2016: £1,303,463) and purchases of £nil (2016: £357,953) to The Brilliant Laundry Group Limited in relation to the provision of laundry services, management charges and rebates. At 25 March 2017 Stevens-Hatherley Holdings Limited owed £nil (2016: £1,401,114) and were owed £nil (2016: £459,889) by The Brilliant Laundry Group.

Clean Linen Services Limited made sales of £7,667,746 (2016: £14,255,138) and purchases of £2,678,751 (2016: £960,830) to The Brilliant Laundry Group Limited in relation to the provision of laundry services, management charges and rebates. At 25 March 2017 Clean Linen Services Limited owed £704,513 (2016: £621,013) and were owed £nil (2016: £171,371) by The Brilliant Laundry Group Limited.

The Brilliant Laundry Group made sales of £211,043 (2016: £49,118) and purchases of £900,951 (2016: £211,271) to Eastern Counties Laundries Limited in relation to the provision of laundry services, management charges and rebates. At 25 March 2017 the Brilliant Laundry Group owed £244,145 (2016: £176,153) and were owed £37,228 (2016: £19,056) by the Eastern Counties Laundries Limited.

The Brilliant Laundry Group made sales of £144,849 (2016: £57,822) and purchases of £4,739,677 (2016: £1,296,753) to Fresh Linen Limited in relation to the provision of laundry services, management charges and rebates. At 25 March 2017 the Brilliant Laundry Group owed £979,990 (2016: £969,146) and were owed £105,365 (2016: £69,387) by Fresh Linen Limited.

During the year £99,653 (2016: £112,500) was paid for rent of the Reading plant facility which is owned by Clean Linen Services Limited Pension (No 2) Fund.

Jason Miller, a director and shareholder of the Company, has provided a guarantee to Clean Linen Services Limited of £498,000 (2016: £498,000) to reimburse the full value of the recognised provision in the event that the provision crystallises (see note 16 and 20).

Key management personnel include directors, excluding non-executive directors, and senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation to key management personnel for services provided to the group was £1,063,951 (2016: £1,183,907).

# CLEAN Viking Holdings Limited

Notes forming part of the financial statements  
for the year ended 25 March 2017 (*continued*)

## 25 Capital commitments

|                                 | Group<br>2017<br>£'000 | Group<br>2016<br>£'000 |
|---------------------------------|------------------------|------------------------|
| Contracted but not provided for | 2,154,643              | 8,647,637              |

## 26 Contingent liabilities

### Group

The group has guaranteed bank borrowings. At the year end the liabilities covered by these guarantees totalled £49,088,654 (2016: £35,929,671).

### Company

The company has guaranteed bank borrowings of its subsidiaries. At the year end the liabilities covered by these guarantees totalled £49,088,654 (2016: £35,929,671).

## 27 Reconciliation of net cash flow to movement in net debt

|                                                | 2017<br>£    | 2016<br>£    |
|------------------------------------------------|--------------|--------------|
| (Decrease) / Increase in cash                  | (2,482,228)  | 4,250,601    |
| Cash inflow from changes in debt               | (9,546,932)  | (34,984,508) |
| Other non-cash items                           | (6,019,102)  | (26,043,035) |
| Movement in net debt resulting from cash flows | (18,048,262) | (56,776,942) |
| Opening net debt                               | (56,776,942) | -            |
| Closing net debt                               | (74,825,206) | (56,776,942) |

### Major non-cash transactions

During the year the Group entered into a long term debt instrument for £12,500,000 (2016 – £38,000,000), accruing interest daily. For further details see note 18.

In 2016 the group issued £24,635,177 loan notes, no loan notes were issued in 2017.