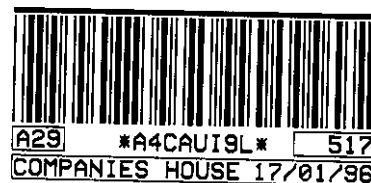


"K" LAUNDRY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1995



***Saffery Champness***  
CHARTERED ACCOUNTANTS

"K" LAUNDRY LIMITED

DIRECTORS

R J B MckSwan(Chairman)  
C R M Jones(Managing Director)  
Mrs M A Jones

SECRETARY

C R M Jones

REGISTERED OFFICE

Northwood Road  
Ramsgate  
Kent CT12 6RR

AUDITORS

Saffery Champness  
Fairfax House  
Fulwood Place  
Gray's Inn  
London WC1V 6UB

BANKERS

National Westminster Bank Plc  
52 Harbour Parade  
Ramsgate  
Kent CT11 8TW

COMPANY NUMBER

226797

## "K" LAUNDRY LIMITED

### DIRECTORS' REPORT

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The directors submit their report and financial statements of "K" Laundry Limited for the year ended 31 March 1995.

#### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, was £15,940. The directors do not recommend a final dividend on the ordinary shares, which leaves a profit of £15,940 to be added to reserves.

#### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company during the year continued to be that of launderers and dry cleaners.

As anticipated in last years report, turnover increased by 5.5% which is encouraging. However, the market place is still difficult and margins are being squeezed taking into account rising costs.

#### MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of freehold land and buildings at 31 March 1995 was in excess of the value shown in the financial statements.

#### FIXED ASSETS

There were no significant additions to fixed assets in the year. The movements on fixed assets are shown in Note 8 to the financial statements.

#### EVENTS SINCE THE END OF THE YEAR

On 30 March 1995 the company amended its Articles of Association to enable the company to purchase its own shares. On 25 April 1995 the company purchased 9,528 ordinary shares of £1 each for £35,254 together with the advance corporation tax liability arising thereon amounting to £6,431, and the shares were immediately cancelled.

The issued ordinary share capital of the company has now reduced from 33,750 shares of £1 each to 24,222 shares of £1 each.

## "K" LAUNDRY LIMITED

## DIRECTORS' REPORT (Continued)

## DIRECTORS

The directors who served during the year, together with their interests in the share capital of the company at 31 March 1995 and 31 March 1994 were as follows:-

	ORDINARY SHARES OF £1 EACH	
	31.3.95	31.3.94
Mrs M A Jones	11,395	11,395
R J B MckSwan	11,401	11,401
C R M Jones	250	250

In accordance with the articles of association C R M Jones retires and, being eligible, offers himself for re-election.

There are no schemes to benefit the directors by enabling them to buy shares in or debentures of the company or any other company.

## AUDITORS

A resolution to re-appoint Saffery Champness as auditors will be put to the members at the Annual General Meeting.

By order of the board



C R M Jones  
Secretary

12 October 1995

"K" LAUNDRY LIMITED

AUDITORS' REPORT TO THE MEMBERS

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We have audited the financial statements on pages 5 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

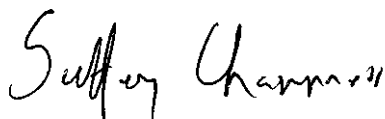
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAFFERY CHAMPNESS

Chartered Accountants  
Registered Auditors  
Fairfax House  
Fulwood Place  
Gray's Inn  
London WC1V 6UB

12 October 1995

## "K" LAUNDRY LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 1995

	Notes	1995	1994
TURNOVER	1	747,889	708,749
Cost of sales		469,506	453,923
Gross profit		----- 278,383	----- 254,826
Other operating expenses	2	255,329	244,352
OPERATING PROFIT		----- 23,054	----- 10,474
Interest receivable	3	1,460	2,042
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	----- 24,514	----- 12,516
Taxation on profit on ordinary activities	6	8,574	5,417
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR		----- 15,940	----- 7,099
Dividends	7	-	3,375
RETAINED PROFIT FOR THE YEAR	13	----- £15,940 =====	----- £3,724 =====

There were no recognised gains or losses other than the profit for the year.

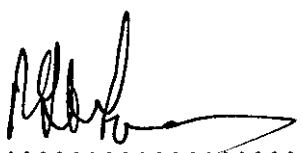
The accounting policies and notes on pages 7 to 11 form part of these financial statements.

## 'K' LAUNDRY LIMITED

BALANCE SHEET  
31 MARCH 1995

	Notes	1995	1994
FIXED ASSETS			
Tangible assets	8	54,028	70,064
CURRENT ASSETS			
Stocks	9	16,637	26,230
Debtors	10	103,190	99,128
Cash at bank and in hand		71,621	15,600
		-----	-----
		191,448	140,958
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	11	98,245	79,731
		-----	-----
NET CURRENT ASSETS		93,203	61,227
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		£147,231	£131,291
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	12	33,750	33,750
Profit and loss account	13	113,481	97,541
		-----	-----
SHAREHOLDERS' FUNDS	14	£147,231	£131,291
		=====	=====

Approved by the board on 12 October 1995



.....  
R J B MckSwann  
Director

The notes on pages 7 to 11 form part of these financial statements.

## "K" LAUNDRY LIMITED

### ACCOUNTING POLICIES

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#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with Applicable Accounting Standards.

#### TURNOVER

Turnover represents the invoiced amount of services provided net of value added tax.

#### STOCKS

Stocks are stated at the lower of cost and net realisable value.

#### TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

Freehold buildings	- over 50 years
Plant and machinery	- over 5 years
Furniture, fittings and office equipment	- over 3 to 5 years
Motor vehicles	- over 5 years

#### PENSION SCHEME

The company operates "Personal Pension Plans" whereby the company agrees to pay, for eligible employees, a defined contribution into the employee's own personal pension scheme. The pension charge represents contributions payable by the company for the year. The company's liability is limited to the amount of the contribution. The liability for meeting future pension payments rests solely with the employee's personal pension scheme.

#### DEFERRED TAXATION

Provision is made, using the liability method, for taxation in respect of items where there is a timing difference between their treatment for accounting and taxation purposes if, in the opinion of the directors, it is probable that a material tax liability will crystallise in the foreseeable future.

#### LEASES

Obligations under operating leases are charged to the profit and loss account over the period of the lease on a straight line basis.



## "K" LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1995

## 1 TURNOVER

Turnover represents the invoiced amount of services provided stated net of value added tax. All the turnover relates to activities within the United Kingdom, and is in respect of continuing operations.

2 OTHER OPERATING EXPENSES	1995	1994
Distribution costs	96,849	87,946
Administrative expenses	158,480	156,406
	-----	-----
	£255,329	£244,352
	=====	=====

## 3 INTEREST RECEIVABLE

Bank deposit interest	£1,460	£2,042
	=====	=====

## 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation  
is stated after charging:

Depreciation	£22,313	£25,726
Auditors' remuneration	£4,000	£3,500
Hire of plant and machinery	£8,412	£2,737
	=====	=====

## 5 EMPLOYEES

Staff costs during the year:

Wages and salaries	387,221	367,070
Social security costs	28,642	25,423
Pension costs	11,475	8,572
	-----	-----
	£427,338	£401,065
	=====	=====

Pension costs comprise amounts payable by the company in respect of individual employees personal pension schemes.

The average weekly number of persons  
employed during the year was:

	NUMBER	NUMBER
Office and management	6	6
Factory	42	38
Selling	5	5
	--	--
	53	49
	==	==

## "K" LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1995 (Continued)

5	EMPLOYEES (Continued)	1995	1994			
	DIRECTORS' REMUNERATION					
	Staff costs include the following remuneration of directors:					
	Fees	20,000	12,000			
	Other emoluments (including pension contributions and benefits in kind)	38,445	35,934			
		-----	-----			
		£58,445	£47,934			
		=====	=====			
6	TAXATION					
	Corporation tax on profits for the year at 25%	8,924	5,206			
	(Over)/underprovision in prior years	(350)	211			
		-----	-----			
		£8,574	£5,417			
		=====	=====			
7	DIVIDENDS					
	Proposed final dividend of 10p per ordinary share	£-	£3,375			
		=====	=====			
8	TANGIBLE FIXED ASSETS					
		FREEHOLD LAND AND BUILDINGS	PLANT AND MACHINERY	FURNITURE FITTINGS & OFFICE EQUIPMENT	MOTOR VEHICLES	TOTAL
	COST					
	At 1 April 1994	24,955	300,606	19,220	88,598	433,379
	Additions	-	6,277	-	-	6,277
	Disposals	-	-	-	(8,100)	(8,100)
		-----	-----	-----	-----	-----
	At 31 March 1995	24,955	306,883	19,220	80,498	431,556
		-----	-----	-----	-----	-----
	DEPRECIATION					
	At 1 April 1994	14,800	264,628	18,100	65,787	363,315
	Charge for the year	461	13,082	835	7,935	22,313
	On disposal	-	-	-	(8,100)	(8,100)
		-----	-----	-----	-----	-----
	At 31 March 1995	15,261	277,710	18,935	65,622	377,528
		-----	-----	-----	-----	-----
	NET BOOK VALUE					
	At 31 March 1995	£9,694	£29,173	£285	£14,876	£54,028
		=====	=====	=====	=====	=====
	At 31 March 1994	£10,155	£35,978	£1,120	£22,811	£70,064
		=====	=====	=====	=====	=====

## "K" LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1995 (Continued)

9	STOCKS	1995	1994
	The main categories are:		
	Raw materials and consumables	11,112	21,137
	Fuel oil	678	386
	Stationery supplies	830	520
	Finished goods	4,017	4,187
		-----	-----
		£16,637	£26,230
		=====	=====
10	DEBTORS		
	Due within one year:		
	Trade debtors	97,498	83,408
	Prepayments and accrued income	5,692	14,595
		-----	-----
		103,190	98,003
	Due after one year:		
	Advance corporation tax	-	1,125
		-----	-----
		£103,190	£99,128
		=====	=====
11	CREDITORS: Amounts falling due within one year:		
	Trade creditors	15,787	19,910
	Proposed dividend	-	3,375
	Corporation tax	10,046	6,331
	Other taxation and social security	298	2,376
	Other creditors	20,000	12,000
	Accruals	52,114	35,739
		-----	-----
		£98,245	£79,731
		=====	=====
12	SHARE CAPITAL		
	Authorised:		
	50,000 ordinary shares of £1 each	£50,000	£50,000
		=====	=====
	Allotted, called up and fully paid:		
	33,750 ordinary shares of £1 each	£33,750	£33,750
		=====	=====

On 30 March 1995 the company amended its Articles of Association to enable the company to purchase its own shares. On 25 April 1995 the company purchased 9,528 ordinary shares of £1 each for £35,254 together with the advance corporation tax liability arising thereon amounting to £6,431, and the shares were immediately cancelled.

The issued ordinary share capital of the company has now reduced from 33,750 shares of £1 each to 24,222 shares of £1 each.

## "K" LAUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1995 (Continued)

13	PROFIT AND LOSS ACCOUNT	1995	1994
	At 31 March 1994	97,541	93,817
	Retained profit for the year	15,940	3,724
		-----	-----
	At 31 March 1995	£113,481	£97,541
		=====	=====
14	RECONCILIATION OF MOVEMENTS SHAREHOLDERS' FUNDS		
	Profit for the financial year	15,940	7,099
	Dividends	-	3,375
		-----	-----
		15,940	3,724
	Opening shareholders' funds	131,291	127,567
		-----	-----
	Closing shareholders' funds	£147,231	£131,291
		=====	=====
15	CAPITAL COMMITMENTS		
	There were no capital commitments contracted for but not provided. Capital commitments authorised by the directors but not contracted for as at the balance sheet date amounted to £Nil (1994: £Nil).		
16	OBLIGATIONS UNDER OPERATING LEASES		
	At 31 March 1995 the company had annual commitments under non-cancellable operating leases as follows:		
	Expiring between two and five years	£9,126	£50
		=====	=====

## 17 TRANSACTIONS WITH DIRECTORS

No director was materially interested in any contract with the company during the year.