

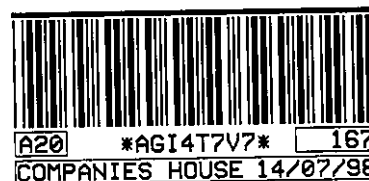
Revised

226797

"K" LAUNDRY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1998



Saffery Champness
CHARTERED ACCOUNTANTS

"K" LAUNDRY LIMITED

CONTENTS

	Page
Company information	1
Directors' Report	2-3
Auditors' Report to the Members	4
Profit and Loss account	5
Balance Sheet	6
Accounting Policies	7
Notes to the Financial Statements	8-11

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
53 High Street
Ramsgate
Kent CT11 9DQ

COMPANY NUMBER

226797

DIRECTORS' REPORT

The directors submit their report and financial statements of "K" Laundry Limited for the year ended 31 March 1998.

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 £31,277. The directors recommend a final dividend on the ordinary shares of 10p per share amounting to £2,422 (1997: £2,422), which leaves a profit of £28,855 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. The company hopes to consolidate turnover at current levels in the year ahead.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of freehold land and buildings at 31 March 1998 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 9 to the financial statements.

DIRECTORS

The directors who served during the year, together with their interests in the share capital of the company at 31 March 1998 and 31 March 1997 were as follows:-

	Ordinary Shares of £1 Each	
	31.3.98	31.3.97
Mrs M A Jones	11,248	11,248
R J B MckSwan	11,548	11,548
C R M Jones	250	250

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

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

22 April 1998

A handwritten signature in cursive script, appearing to read 'Chris Jones', written in dark ink.

AUDITORS' REPORT TO THE MEMBERS

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness

SAFFERY CHAMPNESS

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

22 April 1998

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998	1997
TURNOVER	1	838,670	810,912
Cost of sales		<u>529,727</u>	<u>517,551</u>
Gross profit		308,943	293,361
Other operating expenses	2	<u>274,639</u>	<u>257,172</u>
OPERATING PROFIT		34,304	36,189
Interest receivable	3	6,679	2,842
Interest payable	4	<u>(1,442)</u>	<u>(222)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	39,541	38,809
Taxation on profit on ordinary activities	7	<u>8,264</u>	<u>9,811</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		31,277	28,998
Dividends	8	<u>2,422</u>	<u>2,422</u>
RETAINED PROFIT FOR THE YEAR	15	<u><u>£28,855</u></u>	<u><u>£26,576</u></u>

There were no recognised gains or losses other than the profit for the year included in the profit and loss account.

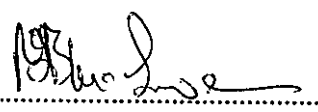
The accounting policies and notes on pages 7 to 11 form part of these financial statements.

BALANCE SHEET
31 MARCH 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets	9	57,686	63,528
CURRENT ASSETS			
Stocks	10	10,891	13,980
Debtors	11	102,427	101,322
Cash at bank and in hand		161,931	128,724
		<u>275,249</u>	<u>244,026</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	12	<u>154,142</u>	<u>156,738</u>
NET CURRENT ASSETS		<u>121,107</u>	<u>87,288</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		178,793	150,816
Creditors: Amounts falling due after more than one year	13	-	878
		<u>£178,793</u>	<u>£149,938</u>
CAPITAL AND RESERVES			
Called up share capital	14	24,222	24,222
Capital redemption reserve		9,528	9,528
Profit and loss account	15	145,043	116,188
SHAREHOLDERS' FUNDS	16	<u>£178,793</u>	<u>£149,938</u>

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

Approved by the board on 22 April 1998.


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R J B MckSwan
Director

ACCOUNTING POLICIES

A BASIS OF ACCOUNTING

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

B TURNOVER

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

C STOCKS

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

D 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 3 to 5 years

E 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.

F 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.

G LEASES

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

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	1998	1997
Distribution costs	97,016	97,989
Administrative expenses	177,623	159,183
	<u>£274,639</u>	<u>£257,172</u>

3 INTEREST RECEIVABLE

Bank deposit interest	<u>£6,679</u>	<u>£2,842</u>
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4 INTEREST PAYABLE

Finance lease interest	<u>£1,442</u>	<u>£222</u>
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5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation
is stated after charging:

Depreciation		
- tangible fixed assets	£21,463	£23,183
- assets held under finance leases	£5,814	£3,634
Auditors' remuneration	£3,800	£4,000
Hire of plant and machinery	<u>£141</u>	<u>£3,166</u>

6 EMPLOYEES

Staff costs during the year:

Wages and salaries	430,407	388,109
Social security costs	24,235	23,173
Pension costs	13,836	13,500
	<u>£468,478</u>	<u>£424,782</u>

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	40	40
Selling	5	5
	<u>51</u>	<u>51</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998 (continued)

6	EMPLOYEES (continued)	1998	1997			
	DIRECTORS' REMUNERATION					
	Staff costs include the following remuneration of directors:					
	Fees	30,000	20,000			
	Other emoluments (including pension contributions and benefits in kind)	45,587	41,754			
		<u>£75,587</u>	<u>£61,754</u>			
7	TAXATION					
	Corporation tax on profits for the year at 21% (1996:24%)	7,665	9,811			
	Under provision in prior years	599	-			
		<u>£8,264</u>	<u>£9,811</u>			
8	DIVIDENDS					
	Proposed final dividend of 10p per ordinary share	<u>£2,422</u>	<u>£2,422</u>			
9	TANGIBLE FIXED ASSETS					
		Freehold Land and Buildings	Plant and Machinery	Furniture Fittings & Office Equipment	Motor Vehicles	Total
	COST					
	At 1 April 1997	24,955	329,514	20,690	105,011	480,170
	Additions	-	7,190	5,869	8,376	21,435
	At 31 March 1998	<u>24,955</u>	<u>336,704</u>	<u>26,559</u>	<u>113,387</u>	<u>501,605</u>
	DEPRECIATION					
	At 1 April 1997	16,055	306,621	20,200	73,766	416,642
	Charge for the year	397	11,470	2,392	13,018	27,277
	At 31 March 1998	<u>16,452</u>	<u>318,091</u>	<u>22,592</u>	<u>86,784</u>	<u>443,919</u>
	NET BOOK VALUE					
	At 31 March 1998	<u>£8,503</u>	<u>£18,613</u>	<u>£3,967</u>	<u>£26,603</u>	<u>£57,686</u>
	At 31 March 1997	<u>£8,900</u>	<u>£22,893</u>	<u>£490</u>	<u>£31,245</u>	<u>£63,528</u>

Included in land and buildings is land stated at cost of £1,693 (1997: £1,693) which is not depreciated.

Included in motor vehicles are assets held under finance leases with a net book value of £8,722 (1997: £14,536).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998 (continued)

10 STOCKS	1998	1997
The main categories are:		
Raw materials and consumables	8,042	8,910
Fuel oil	235	770
Stationery supplies	250	500
Finished goods	2,364	3,800
	<u>£10,891</u>	<u>£13,980</u>
11 DEBTORS		
Due within one year:		
Trade debtors	98,716	97,147
Prepayments and accrued income	2,514	3,570
Other debtors	592	-
	<u>101,822</u>	<u>100,717</u>
Due after one year:		
Advance corporation tax	605	605
	<u>£102,427</u>	<u>£101,322</u>
12 CREDITORS: Amounts falling due within one year:		
Bank overdraft	5,008	2,992
Finance lease obligations	989	10,536
Trade creditors	18,452	29,524
Proposed dividend	2,422	2,422
Corporation tax	7,666	8,363
Other taxation and social security	29,741	32,165
Other creditors	35,089	22,222
Accruals	54,775	48,514
	<u>£154,142</u>	<u>£156,738</u>
13 CREDITORS		
Amounts falling due after more than one year		
Finance lease obligations	<u>£-</u>	<u>£878</u>
14 SHARE CAPITAL		
Authorised:		
50,000 ordinary shares of £1 each	<u>£50,000</u>	<u>£50,000</u>
Allotted, called up and fully paid:		
24,222 (1997: 24,222) ordinary shares of £1 each	<u>£24,222</u>	<u>£24,222</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998 (continued)

15 PROFIT AND LOSS ACCOUNT

	1998	1997
At 31 March 1996	116,188	89,612
Retained profit for the year	<u>28,855</u>	<u>26,576</u>
At 31 March 1997	<u>£145,043</u>	<u>£116,188</u>

16 RECONCILIATION OF MOVEMENTS
SHAREHOLDERS' FUNDS

	1998	1997
Profit for the financial year	31,277	28,998
Dividends	<u>(2,422)</u>	<u>(2,422)</u>
	28,855	26,576
Opening shareholders' funds	<u>149,938</u>	<u>123,362</u>
Closing shareholders' funds	<u>£178,793</u>	<u>£149,938</u>

17 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year. The company is ultimately controlled by its shareholders, with no individual having a majority holding.