

"K" LAUNDRY LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 1999



"K" LAUNDRY LIMITED

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DIRECTORS

R J B McK Swan	(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 1999.

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 £55,182 (1998: £31,277). The directors recommend a final dividend on the ordinary shares of 10p per share amounting to £2,422 (1998:£2,422), which leaves a profit of £52,760 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 had a successful years trading, and the directors believe that the company will maintain its competitive position within the market.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of freehold land and buildings at 31 March 1999 was in excess of the value shown in the financial statements.

YEAR 2000 DATE CHANGE

The directors have reviewed the impact on the business of the Year 2000 date change and have made plans to address this so that the business will not be materially affected, although it is recognised that the risks associated with the date change cannot be completely eliminated. An action programme has been established to review systems within the company to identify hardware and software which is not currently Year 2000 compliant and to replace or amend it as necessary. The costs to the company of dealing with these matters is not expected to be material.

DIRECTORS' REPORT (continued)

FIXED ASSETS

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 1999 and 31 March 1998 were as follows:-

	Ordinary Shares of £1 Each	
	31.3.99	31.3.98
Mrs M A Jones	11,248	11,248
R J B McK Swan	11,548	11,548
C R M Jones	250	250

In accordance with the articles of association Mrs M A Jones retires and, being eligible, offers herself 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

C R M Jones
Secretary

21 May 1999

AUDITORS' REPORT TO THE SHAREHOLDERS

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 1999 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

21 May 1999

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999	1998
TURNOVER	1	879,370	838,670
Cost of sales		<u>558,112</u>	<u>529,727</u>
Gross profit		321,258	308,943
Other operating expenses	2	<u>264,911</u>	<u>274,639</u>
OPERATING PROFIT		56,347	34,304
Interest receivable	3	8,734	6,679
Interest payable	4	<u>-</u>	<u>(1,442)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	65,081	39,541
Taxation on profit on ordinary activities	7	<u>9,899</u>	<u>8,264</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		55,182	31,277
Dividends	8	<u>2,422</u>	<u>2,422</u>
RETAINED PROFIT FOR THE YEAR	15	<u>£52,760</u>	<u>£28,855</u>

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

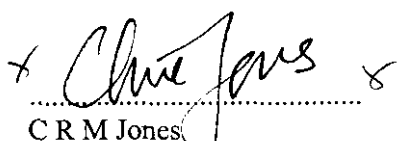
The accounting policies and notes on pages 7 to 11 form part of these financial statements.

BALANCE SHEET
31 MARCH 1999

	Notes	1999	1998
FIXED ASSETS			
Tangible assets	9	77,230	57,686
CURRENT ASSETS			
Stocks	10	12,730	10,891
Debtors	11	91,682	102,427
Cash at bank and in hand		218,297	161,931
		<u>322,709</u>	<u>275,249</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	12	<u>168,386</u>	<u>154,142</u>
NET CURRENT ASSETS		<u>154,323</u>	<u>121,107</u>
		<u>£231,553</u>	<u>£178,793</u>
CAPITAL AND RESERVES			
Called up share capital	13	24,222	24,222
Capital redemption reserve		9,528	9,528
Profit and loss account	14	<u>197,803</u>	<u>145,043</u>
SHAREHOLDERS' FUNDS	15	<u>£231,553</u>	<u>£178,793</u>

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

Approved by the board on 21 May 1999.



 C R M Jones
 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 1999

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	1999	1998
Distribution costs	95,403	97,016
Administrative expenses	169,508	177,623
	<u>£264,911</u>	<u>£274,639</u>

3 INTEREST RECEIVABLE

Bank deposit interest	<u>£8,734</u>	<u>£6,679</u>
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4 INTEREST PAYABLE

Finance lease interest	<u>£-</u>	<u>£1,442</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	£16,725	£21,463
- assets held under finance leases	£5,814	£5,814
Auditors' remuneration	£3,700	£3,800
Hire of plant and machinery	<u>£249</u>	<u>£141</u>

6 EMPLOYEES

Staff costs during the year:

Wages and salaries	431,736	430,407
Social security costs	25,517	24,235
Pension costs	16,332	13,836
	<u>£473,585</u>	<u>£468,478</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	44	40
Selling	5	5
	<u>55</u>	<u>51</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (continued)

6	EMPLOYEES (continued)	1999	1998
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DIRECTORS' REMUNERATION

Staff costs include the following remuneration of directors:

Fees	30,000	30,000
Other emoluments (including pension contributions and benefits in kind)	38,643	31,887
Pension contributions	16,100	13,700
	<u>£84,743</u>	<u>£75,587</u>

7 TAXATION

Corporation tax on profits for the year at 21% (1998:21%)	9,907	7,665
(Over)/Under provision in prior years	(8)	599
	<u>£9,899</u>	<u>£8,264</u>

8 DIVIDENDS

Proposed final dividend of 10p per ordinary share	<u>£2,422</u>	<u>£2,422</u>
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9 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant and Machinery	Furniture Fittings & Office Equipment	Motor Vehicles	Total
COST					
At 1 April 1998	24,955	336,704	26,559	113,387	501,605
Additions	11,792	10,500	3,663	16,128	42,083
At 31 March 1999	<u>36,747</u>	<u>347,204</u>	<u>30,222</u>	<u>129,515</u>	<u>543,688</u>
DEPRECIATION					
At 1 April 1998	16,452	318,091	22,592	86,784	443,919
Charge for the year	633	9,809	3,007	9,090	22,539
At 31 March 1999	<u>17,085</u>	<u>327,900</u>	<u>25,599</u>	<u>95,874</u>	<u>466,458</u>
NET BOOK VALUE					
At 31 March 1999	<u>£19,662</u>	<u>£19,304</u>	<u>£4,623</u>	<u>£33,641</u>	<u>£77,230</u>
At 31 March 1998	<u>£8,503</u>	<u>£18,613</u>	<u>£3,967</u>	<u>£26,603</u>	<u>£57,686</u>

Included in land and buildings is land stated at cost of £1,693 (1998:£1,693) which is not depreciated.

Included in motor vehicles are assets held under finance leases with a net book value of £2,908 (1998: £8,722).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (continued)

10 STOCKS	1999	1998
The main categories are:		
Raw materials and consumables	8,832	8,042
Fuel oil	1,257	235
Stationery supplies	414	250
Finished goods	2,227	2,364
	<u>£12,730</u>	<u>£10,891</u>
11 DEBTORS		
Due within one year:		
Trade debtors	88,290	98,716
Prepayments and accrued income	2,445	2,514
Other debtors	947	592
	<u>91,682</u>	<u>101,822</u>
Due after one year:		
Advance corporation tax	-	605
	<u>£91,682</u>	<u>£102,427</u>
12 CREDITORS: Amounts falling due within one year:		
Bank overdraft	-	5,008
Finance lease obligations	-	989
Trade creditors	31,392	18,452
Proposed dividend	2,422	2,422
Corporation tax	9,302	7,666
Other taxation and social security	30,171	29,741
Other creditors	35,655	35,089
Accruals	59,444	54,775
	<u>£168,386</u>	<u>£154,142</u>
13 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 (1998: 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 1999 (continued)

14 PROFIT AND LOSS ACCOUNT

	1999	1998
At 31 March 1998	145,043	116,188
Retained profit for the year	<u>52,760</u>	<u>28,855</u>
At 31 March 1999	<u>£197,803</u>	<u>£145,043</u>

15 RECONCILIATION OF MOVEMENTS
SHAREHOLDERS' FUNDS

	1999	1998
Profit for the financial year	55,182	31,277
Dividends	<u>(2,422)</u>	<u>(2,422)</u>
	52,760	28,855
Opening shareholders' funds	178,793	149,938
Closing shareholders' funds	<u>£231,553</u>	<u>£178,793</u>

16 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.