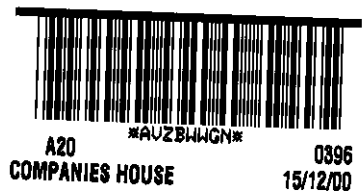


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"K" LAUNDRY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2000



Saffery Champness
CHARTERED ACCOUNTANTS

"K" LAUNDRY LIMITED

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COMPANY INFORMATION

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 2000.

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 £66,084 (1999: £55,182). The directors recommend a final dividend on the ordinary shares of 10p per share amounting to £2,422 (1999:£2,422), which leaves a profit of £63,662 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 2000 was in excess of the value shown in the financial statements.

DIRECTORS' REPORT (continued)

FIXED ASSETS

The movements on fixed assets are shown in Note 8 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 2000 and 31 March 1999 were as follows:-

	Ordinary Shares of £1 Each	
	31.3.00	31.3.99
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 R J B McK Swan 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

18 May 2000

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 2000 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

18 May 2000

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2000

	Notes	2000	1999
TURNOVER	1	926,354	879,370
Cost of sales		<u>541,258</u>	<u>558,112</u>
Gross profit		385,096	321,258
Other operating expenses	2	<u>314,571</u>	<u>264,911</u>
OPERATING PROFIT		70,525	56,347
Interest receivable	3	<u>11,709</u>	<u>8,734</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	82,234	65,081
Taxation on profit on ordinary activities	6	<u>16,150</u>	<u>9,899</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		66,084	55,182
Dividends	7	<u>2,422</u>	<u>2,422</u>
RETAINED PROFIT FOR THE YEAR	14	<u><u>£63,662</u></u>	<u><u>£52,760</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 2000

	Notes	2000	1999
FIXED ASSETS			
Tangible assets	8	95,784	77,230
CURRENT ASSETS			
Stocks	9	7,377	12,730
Debtors	10	86,651	91,682
Cash at bank and in hand		<u>289,699</u>	<u>218,297</u>
		383,727	322,709
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	11	<u>184,296</u>	<u>168,386</u>
NET CURRENT ASSETS		<u>199,431</u>	<u>154,323</u>
		<u>£295,215</u>	<u>£231,553</u>
CAPITAL AND RESERVES			
Called up share capital	12	24,222	24,222
Capital redemption reserve		9,528	9,528
Profit and loss account	13	<u>261,465</u>	<u>197,803</u>
SHAREHOLDERS' FUNDS	14	<u>£295,215</u>	<u>£231,553</u>

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

Approved by the board on 18 May 2000.

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 2000

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	2000	1999
Distribution costs	100,795	95,403
Administrative expenses	213,776	169,508
	<u>£314,571</u>	<u>£264,911</u>

3 INTEREST RECEIVABLE	2000	1999
Bank deposit interest	<u>£11,709</u>	<u>£8,734</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2000	1999
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Profit on ordinary activities before taxation is stated after charging:

Depreciation		
- tangible fixed assets	£33,019	£16,725
- assets held under finance leases	£-	£5,814
Profit on disposal of fixed assets	£800	£-
Auditors' remuneration	£3,700	£3,700
Hire of plant and machinery	<u>£149</u>	<u>£249</u>

5 EMPLOYEES	2000	1999
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Staff costs during the year:

Wages and salaries	474,618	431,736
Social security costs	29,006	25,517
Pension costs	29,224	16,332
	<u>£532,848</u>	<u>£473,585</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	4	6
Factory	41	44
Selling	2	5
	<u>47</u>	<u>55</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

5	EMPLOYEES (continued)	2000	1999
	DIRECTORS' REMUNERATION		
	Staff costs include the following remuneration of directors:		
	Fees	30,000	30,000
	Other emoluments (including pension contributions and benefits in kind)	68,875	38,643
	Pension contributions	29,224	16,100
		<u>£128,099</u>	<u>£84,743</u>
6	TAXATION	2000	1999
	Corporation tax on profits for the year at 21% (1998:21%)	16,150	9,907
	(Over)/Under provision in prior years	-	(8)
		<u>£16,150</u>	<u>£9,899</u>
7	DIVIDENDS	2000	1999
	Proposed final dividend of 10p per ordinary share	<u>£2,422</u>	<u>£2,422</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

8 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant and Machinery	Furniture Fittings & Office Equipment	Motor Vehicles	Total
COST					
At 31 March 1999	36,747	347,204	30,222	129,515	543,688
Additions	3,014	35,475	1,089	11,995	51,573
Disposals	-	-	-	8,500	8,500
At 1 April 2000	<u>39,761</u>	<u>382,679</u>	<u>31,311</u>	<u>133,010</u>	<u>586,761</u>
DEPRECIATION					
At 31 March 1999	17,085	327,900	25,599	95,874	466,458
Charge for the year	693	15,156	3,437	13,733	33,019
Released on disposal	-	-	-	8,500	8,500
At 1 April 2000	<u>17,778</u>	<u>343,056</u>	<u>29,036</u>	<u>101,107</u>	<u>490,977</u>
NET BOOK VALUE					
At 31 March 2000	<u>£21,983</u>	<u>£39,623</u>	<u>£2,275</u>	<u>£31,903</u>	<u>£95,784</u>
At 31 March 1999	<u>£19,662</u>	<u>£19,304</u>	<u>£4,623</u>	<u>£33,641</u>	<u>£77,230</u>

Included in land and buildings is land stated at cost of £1,693 (1999:£1,693) which is not depreciated.

Included in motor vehicles are assets held under finance leases with a net book value of £-(1999: £2,908).

9 STOCKS 2000 1999

The main categories are:

Raw materials and consumables	4,538	8,832
Fuel oil	1,027	1,257
Stationery supplies	500	414
Finished goods	1,312	2,227
	<u>£7,377</u>	<u>£12,730</u>

10 DEBTORS 2000 1999

Due within one year:

Trade debtors	83,706	88,290
Prepayments and accrued income	2,945	2,445
Other debtors	-	947
	<u>£86,651</u>	<u>£91,682</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

11 CREDITORS	2000	1999
Amounts falling due within one year:		
Trade creditors	31,450	31,392
Proposed dividend	2,422	2,422
Corporation tax	16,150	9,302
Other taxation and social security	24,587	30,171
Other creditors	35,839	35,655
Accruals	73,848	59,444
	<u>£184,296</u>	<u>£168,386</u>
12 SHARE CAPITAL	2000	1999
Authorised:		
50,000 ordinary shares of £1 each	<u>£50,000</u>	<u>£50,000</u>
Allotted, called up and fully paid:		
24,222 (1999: 24,222) ordinary shares of £1 each	<u>£24,222</u>	<u>£24,222</u>
13 PROFIT AND LOSS ACCOUNT	2000	1999
At 31 March 1998	197,803	145,043
Retained profit for the year	<u>63,662</u>	<u>52,760</u>
At 31 March 1999	<u>£261,465</u>	<u>£197,803</u>
14 RECONCILIATION OF MOVEMENTS SHAREHOLDERS' FUNDS	2000	1999
Profit for the financial year	66,084	55,182
Dividends	<u>(2,422)</u>	<u>(2,422)</u>
	63,662	52,760
Opening shareholders' funds	<u>231,553</u>	<u>178,793</u>
Closing shareholders' funds	<u>£295,215</u>	<u>£231,553</u>
15 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.