

Fishers Services Limited

Directors' report and financial statements for the year ended 31 December 2007

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Fishers Services Limited

Directors' report and financial statements for the year ended 31 December 2007

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Fishers Services Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Business review and principal activities

The principal activity of the company is the provision of laundry and linen services

On 30 November 2007, the entire issued share capital of the company's ultimate parent undertaking, Fishers Group Holdings Limited, was acquired by Fishers Group Limited, a company registered in Scotland

The results for the company show turnover of £25,412,949 (2006 £23,568,848) and a pre tax profit of £5,393,741 (2006 £4,974,776)

The directors are satisfied with the trading results for the year and are confident that the company will continue to trade profitably

Principal risks and uncertainties

The key business risk facing the company is considered to be pressure on margin from increasing energy and fuel costs

Future outlook

Fishers Services Limited remains committed to providing a quality service to its customers. Continuing investment in new equipment and facilities will enable the company to increase its market share in core business activities. Consolidation within the sector presents Fishers with new opportunities for growth.

Key performance indicators ("KPIs")

Operating costs are controlled by the extensive use of key performance indicators over a range of expense centres. The KPI monitors also extend to key service delivery aspects of the business.

Dividends

The company paid a dividend of £800,000 (2006 £4,500,000) during the year.

Directors

The directors who held office during the year were as follows:

D V Ward (resigned 30 November 2007)

B McHardy

T Hilditch

R MacKay

None of the directors held any notifiable interest in the share capital of the company during the year ended 31 December 2007. The directors' interests in the share capital of the company's ultimate holding company, Fishers Group Limited, are shown in the financial statements of that company.

Fishers Services Limited

Directors' report for the year ended 31 December 2007 (continued)

Statement of 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,
- state whether applicable 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 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.

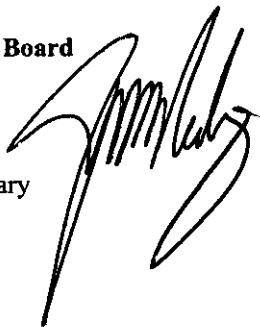
Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board

Company secretary



Fishers Services Limited

Independent auditors' report to the members of Fishers Services Limited

We have audited the financial statements of Fishers Services Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Aberdeen

24 June 2008

Fishers Services Limited

Profit and loss account for the year ended 31 December 2007

	Notes	2007 £	2006 £
Turnover	2	25,412,949	23,568,848
Cost of sales		(14,558,000)	(12,970,653)
Gross profit		10,854,949	10,598,195
Distribution costs		(4,012,379)	(3,416,260)
Administrative expenses		(2,596,533)	(3,080,980)
Administrative expenses – exceptional item	3		(387,656)
Operating profit	4	4,246,037	3,713,299
Profit on sale of fixed assets	3	60,000	447,582
Interest receivable	5	1,175,489	818,289
Interest payable	6	(87,785)	(4,394)
Profit on ordinary activities before taxation		5,393,741	4,974,776
Taxation	9	(1,356,857)	(1,458,627)
Profit for the financial year	21	4,036,884	3,516,149

All items dealt with in arriving at the profit for the financial year relate to continuing operations

There are no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profits on ordinary activities before taxation and the profits for the years stated above and their historical cost equivalents

Fishers Services Limited

Balance sheet as at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Intangible assets	10	111,434	162,377
Tangible assets	11	6,442,952	6,628,138
Investments	12	620,292	620,291
		7,174,678	7,410,806
Current assets			
Stocks – raw materials and consumables		82,299	82,379
Debtors	13	37,962,924	17,908,050
Cash at bank and in hand		2,564,094	3,175,742
		40,609,317	21,166,171
Creditors: amounts falling due within one year	14	(37,249,506)	(21,080,851)
Net current assets		3,359,811	85,320
Total assets less current liabilities		10,534,489	7,496,126
Creditors : amounts falling due after more than one year	15	(61,724)	(58,209)
Deferred income	16	(134,750)	(138,250)
Provisions for liabilities and charges	17	(390,285)	(588,821)
Net assets		9,947,730	6,710,846
Capital and reserves			
Called up share capital	18	620,491	620,491
Profit and loss account	20	9,327,239	6,090,355
Total shareholder's funds	21	9,947,730	6,710,846

The financial statements on pages 4 to 15 were approved by the board of directors on 20 June 2008 and were signed on its behalf by

Director



Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

A summary of the principal accounting policies adopted is given below

Basis of preparation

The company is exempt from preparing consolidated financial statements in accordance with section 228 of the Companies Act 1985. The financial statements of the company are included within the consolidated financial statements of its penultimate parent company, Fishers Services Group Holdings Limited

Tangible assets

Tangible assets are stated at cost less accumulated depreciation

Depreciation is provided to write off the cost of each asset over its estimated useful life at the following rates

	%	
Buildings	2	straight line
Plant and machinery	10 20	reducing balance
Motor vehicles	10 25	straight line
Fixtures, fittings, tools and equipment	20	reducing balance

Goodwill

Goodwill arising on the acquisition of companies and businesses is capitalised and amortised over a period not exceeding 20 years

Stocks

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

Linen and garments

Linen and garments for rental are expensed on purchase

Deferred tax

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding

Operating lease rentals are charged to income in equal annual amounts over the lease term

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Principal accounting policies (continued)

Pensions

The company is a member of the Fishers Group pension scheme which is a defined contribution scheme. Contributions to the scheme are charged against profits in respect of the period in which they fall due.

Cash flow statement

The consolidated financial statements of Fishers Services Group Holdings Limited include a consolidated cash flow statement drawn up in accordance with the provisions of FRS 1 (revised). Accordingly, the company is exempt from the requirements of FRS 1 to prepare a cash flow statement.

Grants

Revenue grants are credited to the profit and loss account in the same period as the related expense is incurred. Grants relating to the purchase of fixed assets are credited to deferred income and amortised to the profit and loss account over the estimated useful life of the related assets.

2 Turnover

Turnover represents the amount invoiced in the ordinary course of business, excluding VAT, for linen hire and laundry services provided during the year. All turnover arose in the United Kingdom.

3 Exceptional items

Administrative expenses

The 2006 exceptional administrative expense of £387,656 was in respect of a trade debtor balance fully provided against following the liquidation of a customer during that year.

During 2007, £89,362 of the provision for bad debts was released to the profit and loss account following partial recovery of the debtor. The credit in respect of this is included within administrative expenses.

Property fire and related profit on sale of fixed assets

The company suffered a major fire at one of its plants during 2006. The insurance cover carried by the company exceeded the net book value of the assets destroyed and accordingly a profit on sale of fixed assets destroyed in the fire amounting to £319,586 was recognised. The remaining element of the exceptional profit on sale of fixed assets of £127,996 related to the sale of a building no longer required by the company.

The 2007 exceptional profit on sale of fixed assets relates to the sale of land no longer required by the company.

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

4 Operating profit

Operating profit is stated after charging/(crediting) the following

	2007	2006
	£	£
Wages and salaries	10,373,007	9,633,466
Social security costs	832,801	779,558
Other pension costs	86,462	93,521
Depreciation – owned assets	955,465	957,235
Depreciation – leased assets	21,439	15,730
Amortisation of goodwill	50,943	34,953
Grant income	(3,500)	(3,500)
Profit on sale of fixed assets	(3,492)	(45,158)
Operating lease rentals	120,161	70,534

Operating profit is stated after charging auditors' remuneration for audit services of £24,790 (2006 £20,500) and tax compliance fees of £13,650 (2006 £11,350). Of the total audit fee charged to the company, £16,500 (2006 £15,500) relates to the audit of the company itself and the remaining fee relates to the audit of group companies.

The 2007 operating profit is stated net of £343,175 (2006 £1,321,208) received from the company's insurers as compensation for additional costs incurred by the company following a fire at one of its plants during 2006. The income received was netted off against the relevant expenses in the financial statements.

5 Interest receivable

	2007	2006
	£	£
Bank interest	96,546	103,476
Group interest receivable	1,075,377	714,813
Other interest receivable	3,566	
	1,175,489	818,289

6 Interest payable

	2007	2006
	£	£
Finance lease interest	4,037	3,244
Group interest payable	83,748	
Other interest		1,150
	87,785	4,394

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

7 Directors' remuneration

	2007 £	2006 £
Directors' emoluments	536,968	523,190
Pension contributions	65,777	60,614

The remuneration of the highest paid director was £176,916 (2006 £189,464) plus pension contributions of £30,449 (2006 £27,086)

Pension benefits are accruing to 4 (2006 4) directors under defined contribution pension schemes

8 Employees

The average number of persons employed by the company during the year was 658 (2006 624) all of whom were employed in the United Kingdom

9 Taxation

(a) Analysis of tax charge for the year

	2007 £	2006 £
Current tax		
UK corporation tax at 30%	1,586,995	1,337,533
Adjustments in respect of prior years	(31,602)	(3,110)
	1,555,393	1,334,423
Deferred tax:		
Charge for the year	5,606	125,864
UK corporation tax rate change to 28%	(39,255)	
Withdrawal of balancing adjustments to IBAs	(180,333)	
Adjustments in respect of prior years	15,446	(1,660)
	(198,536)	124,204
Total tax charge for the year	1,356,857	1,458,627

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

9 Taxation (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (30%)
The differences are explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	5,393,741	4,974,776
Profit on ordinary activities multiplied by standard corporation tax rate in the UK of 30% (2006 30%)	1,618,122	1,492,433
Effects of		
Expenses not deductible for tax purposes	(7,120)	10,773
Accelerated capital allowances	(6,008)	(125,864)
Capital transactions	(18,000)	(39,809)
Adjustments to tax charge in respect of previous year	(31,601)	(3,110)
Current tax charge for the year	1,555,393	1,334,423

10 Intangible assets

	Goodwill
Cost	£
At 1 January and 31 December 2007	687,925
Amortisation	
At 1 January 2007	525,548
Charge for the year	50,943
At 31 December 2007	576,491
Net book value as at 31 December 2007	111,434
Net book value as at 31 December 2006	162,377

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Tangible assets

	Heritable land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings, tools & equipment £	Total £
Cost					
At 1 January 2007	3,612,808	11,985,319	2,092,678	814,702	18,505,507
Additions	61,171	691,017	62,428	13,365	827,981
Disposals			(355,369)		(355,369)
At 31 December 2007	3,673,979	12,676,336	1,799,737	828,067	18,978,119
Depreciation					
At 1 January 2007	781,247	8,967,446	1,437,666	691,010	11,877,369
Charge for the year	73,819	614,918	260,757	27,410	976,904
Disposals			(319,106)		(319,106)
At 31 December 2007	855,066	9,582,364	1,379,317	718,420	12,535,167
Net book value					
At 31 December 2007	2,818,913	3,093,972	420,420	109,647	6,442,952
At 31 December 2006	2,831,561	3,017,873	655,012	123,692	6,628,138

As at the balance sheet date there were assets held under hire purchase agreements as follows

	2007 £	2006 £
Cost	128,631	94,390
Accumulated depreciation	(37,169)	(15,730)
Net book value	91,462	78,660

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

12 Investments

	2007	2006
Cost – shares in subsidiary undertakings	£	£
At 1 January	620,291	620,291
Additions	1	
At 31 December	620,292	620,291

The company holds 100% of the issued ordinary share capital of each of the following companies

Fishers Services Group EBT Trustee Limited

Fishers Services (Aberfeldy) Limited dormant

Fishers Services (Cupar) Limited dormant

Fishers Services (Greenock) Limited dormant

13 Debtors

	2007	2006
	£	£
Trade debtors	3,723,127	3,512,119
Amount owed by penultimate parent undertaking	34,155,566	13,717,442
Prepayments and accrued income	84,231	678,489
	37,962,924	17,908,050

The amount owed by the penultimate parent undertaking consists primarily of amounts due under the Inter Company Funding Agreement dated 26 March 2004. The facility is in place until 2012 and carries interest at a rate of one percent per annum above the base rate.

14 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	1,048,935	1,283,263
Amount owed to ultimate parent undertaking	15,615,609	
Amount owed to parent undertaking	6,687,201	5,887,201
Amounts owed to subsidiary undertakings	12,411,598	12,411,598
Hire purchase creditor (note 15)	27,551	18,876
Accruals and deferred income	518,098	702,018
Other taxes and social security	820,507	666,105
Corporation tax	120,007	111,790
	37,249,506	21,080,851

The ultimate parent company has entered into a guarantee arrangement with HM Revenue & Customs confirming its responsibility for any of the group companies' corporation tax liabilities.

The amount owed to the ultimate parent undertaking consists primarily of amounts due under the Inter Company Funding Agreement dated 30 November 2007. The facility is in place until 2013 and carries interest at a rate of one percent per annum above the base rate.

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

15 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Hire purchase creditor	61,724	58,209

The hire purchase creditor is repayable as follows

	2007	2006
	£	£
Within one year	27,551	18,876
Between one and two years	27,551	18,876
Between two and five years	34,173	39,333
	89,275	77,085

The hire purchase creditor is secured over certain assets of the company (note 11)

16 Deferred income – capital grant

	£
At 1 January 2007	138,250
Released to profit and loss account	(3,500)
At 31 December 2007	134,750

17 Provision for liabilities and charges

	2007	2006
	£	£
Deferred taxation		
At 1 January	588,821	464,617
Deferred tax (credit) / charge for the year (note 9a)	(198,536)	124,204
At 31 December	390,285	588,821

Deferred taxation provided in the financial statements comprises

Tax effect of timing differences because of

Accelerated capital allowances	374,839	588,821
Capital gains	15,446	
Deferred tax liability	390,285	588,821

The deferred tax liability is based on a corporation tax rate of 28% (2006 30%)

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

18 Called-up share capital

	2007 £	2006 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid:		
620,491 ordinary shares of £1 each	620,491	620,491

19 Dividends

	2007 £	2006 £
Ordinary dividend paid £1 29 per share (2006 £7 25)	800,000	4,500,000

20 Reserves

	Share capital £	Profit & loss account £	Total £
At 1 January 2007	620,491	6,090,355	6,710,846
Retained profit for the year (note 21)		3,236,884	3,236,884
At 31 December 2007	620,491	9,327,239	9,947,730

21 Reconciliation of movements in shareholder's funds

	2007 £	2006 £
Profit for the year	4,036,884	3,516,149
Dividends	(800,000)	(4,500,000)
Net addition to / (deduction from) shareholder's funds	3,236,884	(983,851)
Opening shareholder's funds	6,710,846	7,694,697
Closing shareholder's funds	9,947,730	6,710,846

Fishers Services Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

22 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" from the need to disclose transactions between group entities that have been eliminated on consolidation in the parent company's consolidated financial statements, copies of which are publicly available

23 Contingent liabilities

The company has entered into cross guarantees with other members of the Fishers Group Limited group of companies in respect of group borrowings

24 Financial commitments

At 31 December 2007 the company had annual commitments under non cancellable operating leases expiring as follows

	2007 £	2006 £
Within one year	2,388	7,770
Between one and two years	36,766	21,689
Between two and five years	4,025	35,702
Expires thereafter	138,867	
	182,046	65,161

25 Parent company and controlling party

The company is a wholly owned subsidiary of Fishers Holdings Limited. The ultimate parent undertaking and controlling party is Fishers Group Limited. Copies of the consolidated financial statements of Fishers Services Group Holdings Limited (the company's penultimate parent undertaking) can be obtained from Riggs Place, Cupar, Fife, KY15 5JA