

# Tothills Dry Cleaning Limited

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Registered No. 2433146

## DIRECTORS

R J Meyers (Chairman)

J E Jackson

N G Fraser

## SECRETARY

R A Careless

## AUDITORS

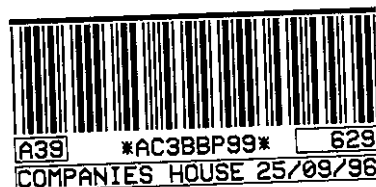
Ernst & Young

Becket House

1 Lambeth Palace Road

London SE1 7EU

ERNST & YOUNG



# Tothills Dry Cleaning Limited

## REPORT OF THE DIRECTORS

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The directors have pleasure in presenting their report to the members together with the accounts for the year ended 31 August 1995.

### ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity is dry cleaning. The results for the year and the movement in reserves are set out on page 7 and page 13. On 2 October 1995, the company was sold by Yorkshire Steam Laundry Company Limited to Sketchley Shopfitters Limited.

### FIXED ASSETS

Movements of fixed assets are shown in notes 7 and 8 to the accounts.

### TAX STATUS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

### CHARITABLE AND POLITICAL DONATION

No charitable or political donations were made during the year.

### DIVIDENDS

The directors do not recommend the payment of a dividend (1994 – £nil).

### DIRECTORS AND THEIR INTERESTS

J E Jackson	(Appointed 31 July 1996)
R J Meyers (Chairman)	(Appointed 2 October 1995)
A G H Cox	(Appointed 2 October 1995; resigned 31 July 1996)
N G Fraser	(Appointed 2 October 1995)
The Rt. Hon The Earl of Hillsborough	(Resigned 2 October 1995)
F P Favre	(Dismissed 22 October 1994)
I Cheshire	(Resigned 13 February 1995)

No director at the end of the financial year, who was not a director of the ultimate parent undertaking held any beneficial interests in the shares of the ultimate parent undertaking during the financial year.

### LIABILITY INSURANCE

The company has maintained, during the year covered by this report, directors' and officers' insurance against liabilities in relation to the company.

# Tothills Dry Cleaning Limited

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## REPORT OF THE DIRECTORS

### AUDITORS

Messrs Kenneth Easby and Co. resigned as auditors on 2 October 1995 and Ernst & Young were appointed in their place.

A resolution concerning the reappointment of Ernst & Young as auditors of the company will be proposed at the Annual General Meeting.

By order of the board



R A Careless

Secretary

## Tothills Dry Cleaning Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the above requirements have been complied with in the accounts.

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 accounts 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.

## **REPORT OF THE AUDITORS**

to the members of Tothills Dry Cleaning Limited

We have audited the accounts on pages 7 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited because we were appointed auditors on 2 October 1995 and in consequence we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the balances as at 31 August 1994. Any adjustment to these balances would have a consequential effect on the loss for the year.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Qualified opinion arising from limitation in audit scope and omission of disclosures**

No comparatives have been presented for the operating lease rentals expense in note 2 and the staff costs and average number of employees in note 3.

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the balances at 31 August 1994, in our opinion the accounts give a true and fair view of the loss of the company for the year ended 31 August 1995 and except for the omission of comparatives noted above, have been properly prepared in accordance with the Companies Act 1985. In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 August 1995.

REPORT OF THE AUDITORS (continued)

In respect alone of the limitation on our work:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained.

*Ernst & Young*

Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

*18 September 1996*

# Tothills Dry Cleaning Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 August 1995

	<i>Notes</i>	<i>1995</i> £	<i>1994</i> £
<b>TURNOVER</b>			
Continuing operations	1	699,355	616,636
Operating expenses	2,3	<u>(828,820)</u>	<u>(732,214)</u>
<b>OPERATING LOSS</b>			
Continuing operations		(129,465)	(115,578)
Exceptional charge	4	(105,000)	-
Interest	5	<u>(15,466)</u>	<u>(24,114)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(249,931)</u>	<u>(139,692)</u>
Taxation on loss on ordinary activities	6	-	-
<b>LOSS FOR THE YEAR</b>	13	<u><u>(249,931)</u></u>	<u><u>(139,692)</u></u>

A statement of reserves is set out in note 14.

## STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the loss attributable to the shareholders of the company of £249,931 in the year ended 31 August 1995 and of £139,692 in the year ended 31 August 1994.

# Tothills Dry Cleaning Limited

## BALANCE SHEET

at 31 August 1995

	Notes	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	7	164,083	182,840
Intangible assets	8	20,000	25,000
		<u>184,083</u>	<u>207,840</u>
<b>CURRENT ASSETS</b>			
Stocks		11,490	11,850
Debtors	9	83,051	72,631
Cash at bank and in hand		9,625	2,362
		<u>104,166</u>	<u>86,843</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(674,068)	(492,929)
<b>NET CURRENT LIABILITIES</b>		<u>(569,902)</u>	<u>(406,086)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(385,819)</u>	<u>(198,246)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11	(67,363)	(5,005)
<b>NET LIABILITIES</b>		<u>(453,182)</u>	<u>(203,251)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	130	130
Share premium account	14	55,856	55,856
Profit and loss account	14	(509,168)	(259,237)
	13	<u>(453,182)</u>	<u>(203,251)</u>

Director





NOTES TO THE ACCOUNTS

at 31 August 1995

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

*Turnover*

Turnover comprises the invoiced value of goods and services supplied, less allowances to customers, excluding value added tax. All turnover is derived in the UK from the company's single activity of dry cleaning.

*Depreciation*

Depreciation is provided on the cost of tangible assets on a reducing balance basis at rates calculated to write off the cost of fixed assets, less their estimated residual value, over the estimated life of each asset. The principal percentages are as follows:

Plant and machinery	- 10% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% reducing balance
Office equipment	- 10% reducing balance
Leasehold improvements	- 15% reducing balance

*Intangible fixed assets*

*Computer software system*

The value of the company's computerised sales system was capitalised by the directors on 31 August 1994 at its cost of development. Amortisation at the rate of 20% per year on a straight line basis is being provided to write off the cost over its estimated life.

*Hire purchase*

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and are depreciated over their estimated lives.

*Operating leases*

Gross rentals arising on assets under operating leases are charged to the profit and loss account on a straight line basis.

*Stocks*

Stocks comprise raw materials and consumables and are stated at the lower of cost and net realisable value.

# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 August 1995

### 2. OPERATING EXPENSES

Operating loss is stated after charging:

	1995	1994
	£	£
Depreciation of tangible assets	24,381	22,326
Auditors' remuneration	2,500	2,000
Operating lease rentals – land and building	143,733	–
	<u>170,614</u>	<u>24,326</u>

### 3. REMUNERATION OF DIRECTORS AND EMPLOYEES

#### (a) Staff costs

	1995	1994
	£	£
Wages and salaries, social security and pension costs	566,053	–
	<u>566,053</u>	<u>–</u>

The average number of employees during the year was:

	1995	1994
	No.	No.
Retail	5	–
Distribution	25	–
Administration	6	–
	<u>36</u>	<u>–</u>

#### (b) Directors' emoluments

The Rt Hon The Earl of Hillsborough, F P Favre and I Cheshire were directors of Yorkshire Steam Laundry Company Limited and received their emoluments in that capacity.

# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 August 1995

### 4. EXCEPTIONAL CHARGE

The company has provided £105,000 for the reorganisation of its factory.

### 5. INTEREST

	1995 £	1994 £
On bank loans, overdraft and other loans repayable within five years	13,213	20,443
On hire purchase contracts	2,253	3,671
	<u>15,466</u>	<u>24,114</u>

### 6. TAXATION

There is no tax charge on the loss on ordinary activities.

### 7. TANGIBLE FIXED ASSETS

	<i>Vehicles, fixtures and plant</i> £	<i>Leasehold improve- ments</i> £	<i>Totals</i> £
Cost:			
At 1 September 1994	284,102	28,956	313,058
Additions	11,652	—	11,652
Disposals	(26,723)	—	(26,723)
At 31 August 1995	<u>269,031</u>	<u>28,956</u>	<u>297,987</u>
Depreciation:			
At 1 September 1994	127,312	2,906	130,218
Provided in the year	18,905	5,476	24,381
Disposals	(20,695)	—	(20,695)
At 31 August 1995	<u>125,522</u>	<u>8,382</u>	<u>133,904</u>
Net book value:			
At 31 August 1995	<u>143,509</u>	<u>20,574</u>	<u>164,083</u>
At 1 September 1994	<u>156,790</u>	<u>26,050</u>	<u>182,840</u>

# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 August 1995

### 8. INTANGIBLE ASSETS

Computer software system

	£
Value capitalised on 31 August 1994	25,000
Amortised during the year	(5,000)
At 31 August 1995	<u>20,000</u>

This represents the capitalised value, as determined by the directors, of the computer software system as developed by F Favre and currently used by the company.

### 9. DEBTORS

	1995 £	1994 £
Trade debtors	17,526	42,160
Other debtors	27,903	4,263
Prepayments and accrued income	37,622	26,208
	<u>83,051</u>	<u>72,631</u>

### 10. CREDITORS: amounts falling due within one year

	1995 £	1994 £
Amount owed to former parent undertaking	313,261	182,163
Bank loans and overdraft	87,749	43,973
Hire purchase obligations	6,580	8,566
Trade creditors	80,739	90,748
Other taxes and social security costs	75,206	73,810
Other creditors	105,000	82,669
Accruals	5,533	11,000
	<u>674,068</u>	<u>492,929</u>

The bank overdraft is secured by a debenture over the assets of the company. The hire purchase obligations are secured on the assets concerned.

### 11. CREDITORS: amounts falling due after more than one year

	1995 £	1994 £
Bank loans	62,149	—
Hire purchase obligations	5,214	5,005
	<u>67,363</u>	<u>5,005</u>

# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 August 1995

### 12. SHARE CAPITAL

	1995 £	1994 £
Authorised:		
130 Ordinary shares of £1 each	130	130
Allotted, called up and fully paid:		
130 Ordinary shares of £1 each	130	130

### 13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Loss for the financial year	(249,931)	(139,692)
Shareholders' funds at 1 September 1994	(203,251)	(63,559)
Shareholders' funds at 31 August 1995	(453,182)	(203,251)

### 14. RESERVES

	Share premium account £	Profit and loss account £
Balance at 1 September 1994	55,856	(259,237)
Loss for the year	—	(249,931)
Balance at 31 August 1995	55,856	(509,168)

### 15. COMMITMENTS UNDER NON-CANCELLABLE OPERATING LEASES PAYABLE DURING THE NEXT FINANCIAL YEAR

At 31 August 1995 the company had annual commitments as set out below:

	1995 Land and buildings £	1994 Land and buildings £
Leases of land and buildings which expire:		
within one year	—	—
between two and five years	—	—
after five years	465,834	465,834
	465,834	465,834

# Tothills Dry Cleaning Limited

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## NOTES TO THE ACCOUNTS

at 31 August 1995

**16. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking was Yorkshire Steam Laundry Company Limited, a company incorporated in England and Wales.

**17. POST BALANCE SHEET EVENT**

On 2 October 1995, the company was sold to Sketchley Shopfitters Limited. After that date the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Sketchley Plc, registered in England, and the company's ultimate parent undertaking was Sketchley Plc. Copies of the group accounts of Sketchley Plc can be obtained from its registered office at Rugby Road, Hinckley, Leicestershire LE10 2NE.