

# Tothills Dry Cleaning Limited

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Registered No. 2433146

## **DIRECTORS**

J E Jackson

R J Meyers (Chairman)

J G W Dean

## **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 seven months ended 31 March 1996.

### ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity is dry cleaning. The results for the period and the movement in reserves are set out on page 6 and page 12.

Under an agreement dated 27 September 1995, the assets and business of the Argyll Road London dry cleaners were transferred to the company from its former parent undertaking. The company paid consideration of £49,097 for these assets on the same date.

On 2 October 1995 the company was sold by Yorkshire Steam Laundry Company Limited to Sketchley Shopfitters Limited.

### SHARE CAPITAL

On 2 October 1995 the company issued 362,361 ordinary shares of £1 each to discharge the debt due to its former parent undertaking.

### FIXED ASSETS

Movements of fixed assets are shown in notes 6 and 7 to the accounts. On acquisition of the company by the Sketchley Group, the depreciation policy was changed to bring it in line with the Sketchley Group policy. This has had the effect of increasing the depreciation charge for the 7 month period by £37,000.

On 27 September 1995, assets with a net book value of £33,000 were transferred from the former parent undertaking and assets with a net book value of £58,000 were written off.

### 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 period.

### DIVIDENDS

The directors do not recommend the payment of a dividend (1995 – £nil).

### DIRECTORS AND THEIR INTERESTS

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; resigned 30 September 1996)
The Rt. Hon The Earl of Hillsborough	(Resigned 2 October 1995)
J E Jackson	(Appointed 31 July 1996)
J G W Dean	(Appointed 1 October 1996)

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

### SECRETARY

R A Careless was appointed secretary on 2 October 1995.

# Tothills Dry Cleaning Limited

## REPORT OF THE DIRECTORS

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### 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

12 DEC 1996

## Tothills Dry Cleaning Limited

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

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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 6 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**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. 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 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

*12 December 1996*

# Tothills Dry Cleaning Limited

## PROFIT AND LOSS ACCOUNT

for the seven months ended 31 March 1996

		<i>7 months ended 31 March 1996 £000</i>	<i>Year ended 31 August 1995 £000</i>
	<i>Notes</i>		
<b>TURNOVER</b>			
Continuing operations	1	438	699
Operating expenses	2,3	(542)	(829)
		<hr/>	<hr/>
<b>OPERATING LOSS</b>			
Continuing operations		(104)	(130)
Exceptional charge		-	(105)
Interest	4	(8)	(15)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(112)	(250)
Taxation on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>LOSS FOR THE YEAR</b>	12	(112)	(250)
		<hr/>	<hr/>

A statement of reserves is set out in note 13.

## RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the loss attributable to the shareholders of the company of £112,000 in the seven months ended 31 March 1996 and of £250,000 in the year ended 31 August 1995.

# Tothills Dry Cleaning Limited

## BALANCE SHEET

at 31 March 1996

		31 March 1996 £000	31 August 1995 £000
	Notes		
<b>FIXED ASSETS</b>			
Tangible assets	6	83	164
Intangible assets	7	—	20
		<u>83</u>	<u>184</u>
<b>CURRENT ASSETS</b>			
Stocks		1	11
Debtors	8	84	83
Cash at bank and in hand		11	10
		<u>96</u>	<u>104</u>
<b>CREDITORS: amounts falling due within one year</b>	9	(316)	(674)
<b>NET CURRENT LIABILITIES</b>		<u>(220)</u>	<u>(570)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(137)</u>	<u>(386)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	10	(66)	(67)
<b>NET LIABILITIES</b>		<u>(203)</u>	<u>(453)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	362	—
Share premium account	13	56	56
Profit and loss account	13	(621)	(509)
	12	<u>(203)</u>	<u>(453)</u>

  
Director

12 DEC 1996

# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 March 1996

### 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*

As from 2 October 1995, depreciation has been provided on the cost of tangible assets on a straight line basis over the estimated life of each asset. The principal asset lives are as follows:

Plant, machinery, fixtures and fittings	— between 3 to 10 years
Motor vehicles	— 4 years
Leasehold improvements	— over the term of the lease

The reducing balance method used previously has been changed because, in the view of the directors, the straight line method will give a fairer presentation of the company's results and financial position. The resulting increase in the charge for the year, relating to further depreciation necessary on previous years' charges is shown in Note 6 as "depreciation adjustment."

#### *Intangible fixed assets*

##### *Argyll Road*

The goodwill acquired on the transfer of Argyll Road on 27 September 1995 has been written off in this period.

##### *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 was being provided in the previous year. The remaining net book value has been written off this period.

#### *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.

#### *Pension costs*

Since 1 January 1996, the majority of the company's employees have been eligible for membership of one of the Sketchley Plc UK Pension schemes. The provisions of SSAP24 have been adopted in the consolidated accounts of Sketchley Plc and particulars of the latest actuarial valuations of the Group's Pension schemes are included in the consolidated accounts of that company.



# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 March 1996

### 2. OPERATING EXPENSES

Operating loss is stated after charging:

	1996 £000	1995 £000
Depreciation of tangible assets	56	24
Auditors' remuneration	3	3
Operating lease rentals – land and building	42	144
– plant and machinery	1	–
	<u>102</u>	<u>171</u>

### 3. REMUNERATION OF DIRECTORS AND EMPLOYEES

#### (a) Staff costs

	1996 £000	1995 £000
Wages and salaries, social security and pension costs	234	566
	<u>234</u>	<u>566</u>

The average number of employees during the period was:

	1996 No.	1995 No.
Retail	5	5
Distribution	17	25
Administration	5	6
	<u>27</u>	<u>36</u>

#### (b) Directors' emoluments

The Rt Hon the Earl of Hillsborough was a director of Yorkshire Steam Laundry Company Limited and received his emoluments in that capacity. A G H Cox and N G Fraser were employees of fellow subsidiaries of Sketchely Plc and received their emoluments in that capacity. R J Meyers was a director of Sketchley Plc and received his emoluments in that capacity.

# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 March 1996

### 4. INTEREST

	1996 £000	1995 £000
On bank loans, overdraft and other loans repayable within five years	7	13
On hire purchase contracts	1	2
	<u>8</u>	<u>15</u>

### 5. TAXATION

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

### 6. TANGIBLE FIXED ASSETS

	Vehicles, fixtures and plant £000	Leasehold improvements £000	Total £000
Cost:			
At 1 September 1995	269	29	298
Transfers from former parent undertaking	30	77	107
Write offs	(139)	—	(139)
At 31 March 1996	<u>160</u>	<u>106</u>	<u>266</u>
Depreciation:			
At 1 September 1995	126	8	134
Transfers from former parent undertaking	19	55	74
Write offs	(81)	—	(81)
Depreciation adjustment	35	2	37
Provided in the period	10	9	19
At 31 March 1996	<u>109</u>	<u>74</u>	<u>183</u>
Net book value:			
At 31 March 1996	<u>51</u>	<u>32</u>	<u>83</u>
At 1 September 1995	<u>143</u>	<u>21</u>	<u>164</u>

On acquisition of the company by the Sketchley Group, the depreciation policy was changed to bring it in line with the Sketchley Group policy. This has had the effect of increasing the depreciation charge for the 7 month period by £37,000.

# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 March 1996

### 7. INTANGIBLE ASSETS

(a) Goodwill on 1B Argyll Road

	£000
Transfer from former parent undertaking	16
Written off during the period	(16)
Net book value at 31 March 1996	—

(b) Computer software system

	£000
Value capitalised on 31 August 1994	25
Amortisation at 1 September 1995	(5)
Written off during the period	(20)
Net book value at 31 March 1996	—

### 8. DEBTORS

	1996 £000	1995 £000
Amounts owed by fellow subsidiary undertakings	16	—
Trade debtors	43	17
Other debtors	8	28
Prepayments and accrued income	17	38
	84	83

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

	1996 £000	1995 £000
Amounts owed to ultimate parent undertaking	54	—
Amounts owed to former parent undertaking	—	313
Amounts owed to fellow subsidiary undertakings	79	—
Bank loans and overdraft	—	88
Hire purchase obligations	—	7
Trade creditors	38	81
Other taxes and social security costs	82	75
Other creditors	58	105
Accruals	5	5
	316	674

# Tothills Dry Cleaning Limited

## NOTES TO THE ACCOUNTS

at 31 March 1996

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

	1996 £000	1995 £000
Bank loans	-	62
Hire purchase obligations	-	5
Amounts owed to ultimate parent undertaking	66	-
	<u>66</u>	<u>67</u>

### 11. SHARE CAPITAL

	1996 £	1995 £
Authorised:		
1,000,000 Ordinary shares of £1 each		
(1995 - 130 Ordinary shares of £1 each)	1,000,000	130
Allotted, called up and fully paid:		
362,491 Ordinary shares of £1 each		
(1995 - 130 Ordinary shares of £1 each)	362,491	130

On 2 October 1995, the authorised share capital was increased by £999,870 by the creation of 999,870 ordinary shares of £1 each. During the period 362,361 ordinary shares of £1 each were issued.

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

	1996 £000	1995 £000
Shareholders' funds at 1 September 1995	(453)	(203)
Loss for the period	(112)	(250)
Shares issued	362	-
Shareholders' funds at 31 March 1996	<u>(203)</u>	<u>(453)</u>

### 13. RESERVES

	Share premium account £000	Profit and loss account £000
Balance at 1 September 1995	56	(509)
Loss for the period	-	(112)
Balance at 31 March 1996	<u>56</u>	<u>(621)</u>

NOTES TO THE ACCOUNTS

at 31 March 1996

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

At 31 March 1996 the company had annual commitments as set out below:

	<i>Land and buildings 1996 £000</i>	<i>Land and buildings 1995 £000</i>
Leases of land and buildings which expire:		
within one year	—	—
between two and five years	—	—
after five years	63	466
	<u>63</u>	<u>466</u>

15. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking at 31 August 1995 was Yorkshire Steam Laundry Company Limited, a company incorporated in England and Wales.

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.