

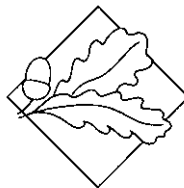
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TOTHILLS DRY CLEANING LIMITED

DIRECTORS REPORT AND FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
31st AUGUST 1994

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COMPANY NUMBER 2433146 (England and Wales)



**KENNETH EASBY & CO**  
CHARTERED ACCOUNTANTS

TOTHILLS DRY CLEANING LIMITED

COMPANY INFORMATION

DIRECTORS

The Rt. Hon The Earl of Hillsborough  
D Tothill (Resigned 22nd July 1994)  
F P Favre (Dismissed 22nd October 1994)  
I Cheshire (Resigned 13th February 1995)  
(Appointed 13th October 1993)

SECRETARY

G Bunting

COMPANY NUMBER

2433146 (England and Wales)

REGISTERED OFFICE

York Chambers  
York Road  
Hartlepool TS26 9DP

AUDITORS

Kenneth Easby & Co.  
Registered Auditor and  
Chartered Accountants  
Oak House  
Market Place  
Bedale  
North Yorkshire DL8 1AQ

TOTHILLS DRY CLEANING LIMITED

C O N T E N T S

	<u>Page</u>
Company Information	1
Contents	2
Directors Report	3 - 4
Auditors Report	5 - 5A
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 - 13

## TOTHILLS DRY CLEANING LIMITED

### DIRECTORS REPORT for the YEAR ENDED 31st AUGUST 1994

The Directors present their report and the financial statements for the year ended 31st August 1994.

#### 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;
- 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.

#### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Company's principal activity continues to be that of specialist dry cleaners.

In September 1993 the Company became a 100% owned subsidiary of The Yorkshire Steam Laundry Company Limited, a Company registered in England and Wales and also carrying on a trade as a specialist dry cleaners.

In April 1994 the Company opened an additional shop situated at 6 Harriet Street, London SW1

#### DIRECTORS

The Directors who served during the year and their beneficial interests in the Company's issued ordinary share capital were:-

	<u>Number of Shares</u>	
	<u>1994</u>	<u>1993</u>
The Rt Hon The Earl of Hillsborough	NIL	NIL
David Tothill	NIL	114
Francois Pierre Favre	NIL	16
I Cheshire	NIL	NIL

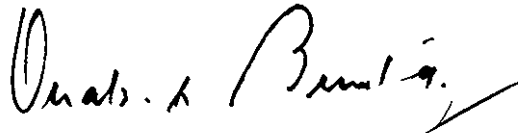
TOTHILLS DRY CLEANING LIMITED

DIRECTORS REPORT for the YEAR ENDED 31st AUGUST 1994

AUDITORS

The Auditors, Messrs. Kenneth Easby and Co. will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report, which has been prepared taking advantage of special exemptions applicable to small companies, was approved by the Board on 2nd October 1995 and signed on their behalf.



.....  
G Bunting  
Secretary

TOTHILLS DRY CLEANING LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
TOTHILLS DRY CLEANING LIMITED

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES of DIRECTORS and AUDITORS

As described on page 3 the Company's Directors are responsible for the preparation of 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 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 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.

OPINION

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 financial statements are free from material misstatement whether caused by fraud or other irregularity or error. However, the evidence available to us was limited as in July 1994 two of the executive directors namely D Tothill and F P Favre vacated their positions within the company without notice and in contravention of their service contracts. At the same time access to the company's computer system was restricted. This has resulted in estimates having been made by the directors where it has not been possible to reconstruct the financial records.

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

TOTHILLS DRY CLEANING LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS  
OF TOTHILLS DRY CLEANING LIMITED Cont/d

QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

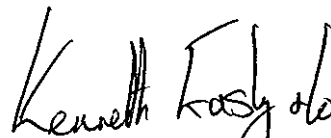
Except for any adjustments that might have been necessary concerning the allocation of overhead expenses, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st August 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

In respect alone of the limitation on our work relating to the allocation of overhead expenses

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

Oak House  
Market Place  
BEDALE  
North Yorkshire

Date: 2nd October 1995



KENNETH EASBY & CO.  
Registered Auditor  
Chartered Accountants

TOTHILLS DRY CLEANING LIMITED

PROFIT and LOSS ACCOUNT for the YEAR ENDED 31st AUGUST 1994

	<u>Notes</u>	<u>1994</u>	8 Month Period <u>Ended 31.8.93</u> £
TURNOVER	1,2	616,636	380,990
COST OF SALES		( <u>232,180</u> )	( <u>164,263</u> )
GROSS PROFIT		384,456	216,727
ADMINISTRATIVE AND DISTRIBUTION EXPENSES		( <u>500,034</u> )	( <u>210,603</u> )
OPERATING (LOSS)/PROFIT	3	(115,578)	6,124
INTEREST PAYABLE	4	( <u>24,114</u> )	( <u>10,357</u> )
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(139,692)	(4,233)
TAXATION ON LOSS ON ORDINARY ACTIVITIES	5	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR/PERIOD		(139,692)	(4,233)
DEFICIT BROUGHT FORWARD		( <u>119,545</u> )	( <u>115,312</u> )
DEFICIT CARRIED FORWARD		(259,237) =====	(119,545) =====

There were no recognised gains and losses for 1993 or 1994 other than those included in the Profit and Loss Account.

The notes on pages 8 to 13 form part of these financial statements.

TOTHILLS DRY CLEANING LIMITED

BALANCE SHEET as at 31st AUGUST 1994

	Notes	£	1994 £	1993 £
<u>FIXED ASSETS</u>				
Tangible Assets	6	182,840		112,878
Intangible Assets	7	<u>25,000</u>		<u>-</u>
			207,840	112,878
<u>CURRENT ASSETS</u>				
Stocks		11,850		8,021
Debtors	8	72,631		47,822
Cash in Hand		<u>2,362</u>		<u>10,024</u>
		86,843		65,867
<u>CREDITORS</u>				
Amounts falling due within one year	9	(492,929)	(180,368)	
<u>NET CURRENT LIABILITIES</u>			(406,086)	(114,501)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			(198,246)	(1,623)
<u>CREDITORS</u>				
Amounts falling due after more than one year	10		(5,005)	(61,936)
<u>NET LIABILITIES</u>			(203,251)	(63,559)
<u>CAPITAL and RESERVES</u>				
Called Up Share Capital	11		130	130
Share Premium Account			55,856	55,856
Profit and Loss Account			(259,237)	(119,545)
<u>SHAREHOLDERS FUNDS</u>	12		(203,251)	(63,559)

The directors have taken advantage, in the preparation of these financial statements, of special exemptions applicable to small companies on the grounds that the company qualifies as a small company by virtue of section 247 of the Companies Act 1985. The financial statements were approved by the board on 2nd October 1995 and signed on its behalf.



The Rt Hon The Earl of Hillsborough  
Director

The notes on pages 8 to 13 form part of these financial statements.

## TOTHILLS DRY CLEANING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31st AUGUST 1994

#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and include the results of the Company's operations which are described in the Directors Report and all of which are continuing.

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

##### 1.2 TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the Company, net of Value Added Tax and trade discounts.

##### 1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:-

Plant and Machinery	10% (1993 20%) reducing balance basis
Motor Vehicles	25% reducing balance basis
Fixtures and Fittings	10% (1993 20%) reducing balance basis
Office Equipment	10% (1993 20%) reducing balance basis
Leasehold Improvements	15% reducing balance basis

During the year the company adjusted its accounting policy on depreciation as shown above as in the opinion of the directors the previous rates used were excessive. This change in accounting policy has resulted in the depreciation charge for the year being reduced by £12,774.

##### 1.4 INTANGIBLE FIXED ASSETS

###### COMPUTER SOFTWARE SYSTEM

The value of the company's computerised sales system has been capitalised by the directors as at 31st August 1994 at its cost of development. Amortisation at the rate of 25% per year will be provided with effect from 1st September 1994 to write off the cost over its expected useful life of four years.

## TOTHILLS DRY CLEANING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 1994

#### 1.5 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.6 OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

#### 1.7 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

#### 2. TURNOVER

The whole of the turnover and loss before taxation is attributable to the one principal activity of the Company.

#### 3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	<u>1994</u>	<u>1993</u>
	£	£
Depreciation of Tangible Fixed Assets		
- Owned by the Company	22,326	18,675
Auditors Remuneration	2,000	2,300
Directors Emoluments	51,475	31,250
	=====	=====

**TOTHILLS DRY CLEANING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31st AUGUST 1994**

**4. INTEREST PAYABLE**

	<u>1994</u>	<u>1993</u>
	£	£
On Bank loans, overdrafts and other loans repayable within five years	20,443	8,088
On finance leases and hire purchase contracts	<u>3,671</u>	<u>2,269</u>
	24,114	10,357
	=====	=====

**5. TAXATION**

	<u>1994</u>	<u>1993</u>
	£	£
UK Corporation Tax at 25% (1993 25%)	Nil	Nil
	===	===

**6. TANGIBLE FIXED ASSETS**

	<u>Plant &amp; Machinery</u>	<u>Fixtures &amp; Fittings</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Totals</u>
	£	£	£	£	£	£
<b><u>COST</u></b>						
At 1st September 1993	96,493	65,490	64,998	10,669	-	237,650
Additions	59,780	890	15,289	5,635	28,956	110,550
Disposals	(3,400)	-	(31,742)	-	-	(35,142)
At 31st August 1994	152,873	66,380	48,545	16,304	28,956	313,058
	<hr/>					
<b><u>DEPRECIATION</u></b>						
At 1st September 1993	55,785	27,459	36,618	4,910	-	124,772
Charge for Year	8,113	3,832	6,646	829	2,906	22,326
Eliminated on Disposal	(2,221)	-	(14,659)	-	-	(16,880)
At 31st August 1994	61,677	31,291	28,605	5,739	2,906	130,218
	<hr/>					
<b><u>NET BOOK VALUE</u></b>						
At 31st August 1994	91,196	35,089	19,940	10,565	26,050	182,840
	<hr/>					
At 1st September 1993	40,708	38,031	28,380	5,759	-	112,878
	<hr/>					

Included in the above are motor vehicles held under hire purchase contracts amounting to £19,940 (1993 £28,380).

TOTHILLS DRY CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31st AUGUST 1994

7. INTANGIBLE ASSETS

Computer Software System

	£
At 1st September 1993	NIL
Capitalised during the year	25,000
Amortised during the year	<u>NIL</u>
At 31st August 1994	25,000
	=====

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

8. DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Trade Debtors	42,160	27,351
Other Debtors	4,263	598
Prepayments	<u>26,208</u>	<u>19,873</u>
	72,631	47,822
	=====	=====

9. CREDITORS - Amounts falling due within one year

	<u>1994</u>	<u>1993</u>
	£	£
Amount owed to Holding Company	182,163	-
Bank Loans and Overdraft	43,973	46,775
Hire Purchase Obligations	8,566	22,369
Trade Creditors	90,748	43,697
Director's Loan Account	-	9,746
Social Security and Other Taxes	73,810	44,480
Other Creditors	82,669	2,863
Accrued Expenses	<u>11,000</u>	<u>10,438</u>
	492,929	180,368
	=====	=====

The Bank overdraft is secured by a debenture over the assets of the Company. The Hire Purchase obligations are secured on the assets concerned.

TOTHILLS DRY CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31st AUGUST 1994

10. CREDITORS - Amounts falling due after more than one year

	<u>1994</u>	<u>1993</u>
	£	£
Bank Loans	-	33,011
Hire Purchase Obligations	5,005	-
Directors Loan Account	<u>-</u>	<u>28,925</u>
	5,005	61,936
	=====	=====

11. CALLED UP SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	£	£
<u>Authorised</u>		
Ordinary shares of £1 each	130	130
	===	===
<u>Issued</u>		
Ordinary shares of £1 each	130	130
	===	===

12. MOVEMENT ON SHAREHOLDERS FUNDS

	<u>1994</u>	<u>1993</u>
	£	£
Loss for the year/period	(139,692)	( 4,233)
Opening Shareholders Funds	<u>(63,559)</u>	<u>(59,326)</u>
Closing Shareholders Funds	(203,251)	(63,559)
	=====	=====

13. ULTIMATE HOLDING COMPANY

The Ultimate Holding Company is The Yorkshire Steam Laundry Company Limited, a Company incorporated in England and Wales.

TOTHILLS DRY CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31st AUGUST 1994

14. OPERATING LEASE COMMITMENTS

At 31st August 1994 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>1994</u> Land & Buildings £	<u>1993</u> Land & Buildings £
Operating Leases which expire		
within one year	Nil	Nil
within two to five years	Nil	Nil
over five years	<u>465,834</u>	<u>504,734</u>
	465,834	504,734
	=====	=====

The leasing commitments relate to the future annual rentals payable under non-cancellable operating leases on land and buildings.