

**Circuit Launderette Services
Limited**

Report and Accounts
31 October 2002



OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	J M Davies
	F M Hambleton
	J Laithwaite
	S R Laithwaite
	R H Logan
	P Thompson
	G S Wilkinson
	R C Cardis
Company Secretary	R H Logan
Auditors	Rees Pollock
	7 Pilgrim Street
	London
	EC4V 6DR
Bankers	Barclays Bank plc
	6 East Parade
	Leeds
	LS1 2UX
Solicitors	Ford and Warren
	Westgate Point
	Westgate
	Leeds
	LS1 2AX
Registered Number	2944540

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the period from 1 July 2001 to 31 October 2002.

Principal activities and business review

The principal activity of the company during the year was the supply of managed launderettes.

Results and dividends

The trading results for the period, and the company's financial position at the end of the period are shown in the attached accounts.

The directors have not recommended a dividend.

Directors

The directors who served the company during the period were as follows:

J M Davies	
F M Hambleton	
N Koukourakis	(Appointed 1 May 2002)
J Laithwaite	(Appointed 30 April 2002)
S R Laithwaite	(Appointed 1 May 2002)
R H Logan	(Appointed 30 April 2002)
P Thompson	(Appointed 1 May 2002)
G S Wilkinson	(Appointed 30 April 2002)
A Copley	(Resigned 30 April 2002)
M A Copley	(Resigned 30 April 2002)

The company is a subsidiary of Vanilla Group Limited. The interests of the directors in Vanilla Group Limited are shown in that company's accounts.

R C Cardis was appointed as a director on 1 December 2002.

N Koukourakis resigned as a director on 10 January 2003.

Directors' responsibilities

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 at the end of the period and of the profit or loss for the period then ended. In preparing those accounts, the directors are required to:

- select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT *(continued)*

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. The directors 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.

Donations

During the period the company made the following contributions:

	Period to 31 October 2002	Year to 30 June 2001
	£	£
Charitable	<u>535</u>	<u>148</u>

Auditors

Rees Pollock were appointed auditors to the company during the year. Rees Pollock have expressed their willingness to continue as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



R H Logan
Company Secretary

24 September 2003



REES POLLOCK

Chartered Accountants

7 Pilgrim Street

London EC4V 6DR

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIRCUIT LAUNDERETTE SERVICES LIMITED

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the company 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. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 31 October 2002 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock

Rees Pollock
Chartered Accountants
Registered Auditors

1 October 2003

PROFIT AND LOSS ACCOUNT

for the period from 1 July 2001 to 31 October 2002

	Note	31 Oct 02 £	Year to 30 Jun 01 £
TURNOVER	2	5,666,521	3,769,092
Cost of sales		(3,891,002)	(2,495,809)
GROSS PROFIT		1,775,519	1,273,283
Administrative expenses		(1,481,275)	(749,617)
OPERATING PROFIT	3	294,244	523,666
Interest payable	6	(179,593)	(111,636)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		114,651	412,030
Tax on profit on ordinary activities	7	(114,059)	(65,247)
RETAINED PROFIT FOR THE FINANCIAL PERIOD		592	346,783
Balance brought forward		401,448	54,665
Balance carried forward		402,040	401,448

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

Circuit Launderette Services Limited

BALANCE SHEET

at 31 October 2002

	Note	£	31 Oct 02 £	30 Jun 01 £
FIXED ASSETS				
Tangible assets	8		3,956,737	2,730,676
CURRENT ASSETS				
Stocks	9	57,870		39,992
Debtors	10	261,970		30,007
Cash in hand		46		365
		319,886		70,364
CREDITORS: amounts falling due within one year	11	2,833,475		1,180,355
NET CURRENT LIABILITIES			(2,513,589)	(1,109,991)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,443,148	1,620,685
CREDITORS: amounts falling due after more than one year	12		833,008	1,079,137
			610,140	541,548
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	15		208,000	140,000
			402,140	401,548
CAPITAL AND RESERVES				
Called-up equity share capital	16		100	100
Profit and loss account			402,040	401,448
SHAREHOLDERS' FUNDS	17		402,140	401,548



G S Wilkinson
Director

24 September 2003

The notes on pages 7 to 14 form part of these accounts.

NOTES TO THE ACCOUNTS

for the period from 1 July 2001 to 31 October 2002

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the accounts on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents the value of goods and services provided during the year, stated net of value added tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and buildings	- straight-line over 50 years
Plant & machinery	- over the term of the rental contract
Fixtures, fittings & equipment	- 2-3 years straight-line
Motor vehicles	- 3 years straight-line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

NOTES TO THE ACCOUNTS

for the period from 1 July 2001 to 31 October 2002

1. ACCOUNTING POLICIES *(continued)***Deferred taxation**

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company and arise wholly within the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	31 Oct 02	Year to 30 Jun 01
	£	£
Depreciation of owned fixed assets	881,173	487,318
Depreciation of assets held under hire purchase agreements	123,508	60,353
Profit on disposal of fixed assets	(3,733)	(6,816)
Auditors' remuneration		
- as auditors	8,838	19,355
Operating lease costs:		
- land and buildings	-	15,297
- vehicles	19,711	8,657

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	31 Oct 02	Year to 30 Jun 01
	No.	No.
Operations	21	18
Administration	15	10
	<u>36</u>	<u>28</u>

The aggregate payroll costs of the above were:

	31 Oct 02	Year to 30 Jun 01
	£	£
Wages and salaries	1,153,514	691,824
Social security costs	136,795	73,937
Other pension costs	24,925	11,897
	<u>1,315,234</u>	<u>777,658</u>

NOTES TO THE ACCOUNTS

for the period from 1 July 2001 to 31 October 2002

5. DIRECTORS' EMOLUMENTS

	31 Oct 02	Year to 30 Jun 01
	£	£
Emoluments	378,994	215,142
Value of company pension contributions to money purchase schemes	—	7,800
	<u>378,994</u>	<u>222,942</u>

Emoluments of highest paid director:

	31 Oct 02	Year to 30 Jun 01
	£	£
Total emoluments (excluding pension contributions):	105,559	71,545
Value of company pension contributions to money purchase schemes	—	7,800
	<u>105,559</u>	<u>79,345</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	31 Oct 02	Year to 30 Jun 01
	No.	No.
Money purchase schemes	—	1

6. INTEREST PAYABLE

	31 Oct 02	Year to 30 Jun 01
	£	£
Interest payable on bank borrowing	165,848	100,010
Finance charges	13,745	11,626
	<u>179,593</u>	<u>111,636</u>

NOTES TO THE ACCOUNTS

for the period from 1 July 2001 to 31 October 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	31 Oct 02 £	Year to 30 Jun 01 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 30% (2001 - 30%)	46,011	35,247
Over/under provision in prior year	48	—
Total current tax	46,059	35,247
Deferred tax:		
Increase in deferred tax provision	68,000	30,000
Tax on profit on ordinary activities	114,059	65,247

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 30% (2001 - 30%).

	31 Oct 02 £	Year to 30 Jun 01 £
Profit on ordinary activities before taxation	114,651	412,030
Profit on ordinary activities multiplied by rate of tax	34,395	123,609
Effects of:		
Expenses not deductible for tax purposes	16,407	2,806
Timing differences on fixed assets	(4,082)	(50,911)
Rate of tax less than 30%	(709)	(14,656)
Trading losses brought forward	—	(25,601)
Adjustments in respect of previous periods	48	—
Total current tax (note 7(a))	46,059	35,247

NOTES TO THE ACCOUNTS

for the period from 1 July 2001 to 31 October 2002

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2001	504,483	2,809,131	69,824	231,563	3,615,001
Additions	3,000	1,968,592	55,680	255,131	2,282,403
Disposals	—	—	—	(172,810)	(172,810)
At 31 October 2002	<u>507,483</u>	<u>4,777,723</u>	<u>125,504</u>	<u>313,884</u>	<u>5,724,594</u>
Depreciation					
At 1 July 2001	5,600	736,967	32,820	108,938	884,325
Charge for the period	48,903	787,652	43,989	124,137	1,004,681
On disposals	—	—	—	(121,149)	(121,149)
At 31 October 2002	<u>54,503</u>	<u>1,524,619</u>	<u>76,809</u>	<u>111,926</u>	<u>1,767,857</u>
Net book value					
At 31 October 2002	<u>452,980</u>	<u>3,253,104</u>	<u>48,695</u>	<u>201,958</u>	<u>3,956,737</u>
At 30 June 2001	<u>498,883</u>	<u>2,072,164</u>	<u>37,004</u>	<u>122,625</u>	<u>2,730,676</u>

Hire purchase agreements

Included within the net book value of £3,956,737 is £174,036 (2001 - £114,023) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £123,508 (2001 - £60,353).

9. STOCKS

	31 Oct 02 £	30 Jun 01 £
Finished goods	<u>57,870</u>	<u>39,992</u>

10. DEBTORS

	31 Oct 02 £	30 Jun 01 £
Trade debtors	30,905	8,829
Amounts owed by group undertakings	127,163	—
Other debtors	—	7,606
Prepayments and accrued income	<u>103,902</u>	<u>13,572</u>
	<u>261,970</u>	<u>30,007</u>

Included in other debtors in 2001 was £4,705 due to connected companies. As part of the acquisition of the company by Vanilla Group Limited the connected companies were also acquired and hence the balances from the connected companies are included in amounts due from group companies in 2002.

NOTES TO THE ACCOUNTS

for the period from 1 July 2001 to 31 October 2002

11. CREDITORS: amounts falling due within one year

	31 Oct 02	30 Jun 01
	£	£
Bank loans and overdrafts	855,477	433,888
Trade creditors	386,997	483,764
Amounts owed to group undertakings	1,324,445	—
Corporation tax	46,011	35,247
Other taxation and social security	35,547	25,488
Hire purchase agreements	81,251	55,975
Other creditors	24,193	—
Amounts owed to connected companies	—	4,528
Directors current accounts	—	115,846
Accruals and deferred income	79,554	25,619
	<u>2,833,475</u>	<u>1,180,355</u>

12. CREDITORS: amounts falling due after more than one year

	31 Oct 02	30 Jun 01
	£	£
Bank loans and overdrafts	763,465	1,037,757
Hire purchase agreements	69,543	41,380
	<u>833,008</u>	<u>1,079,137</u>

13. CREDITORS – LONG TERM LOANS

Creditors include finance capital which is due for repayment as follows:

	31 Oct 02	30 Jun 01
	£	£
Amounts repayable:		
In one year or less or on demand	339,018	380,000
In more than one year but not more than two years	338,567	270,361
In more than two years but not more than five years	333,335	554,368
In more than five years	91,563	213,028
	<u>1,102,483</u>	<u>1,417,757</u>

NOTES TO THE ACCOUNTS

for the period from 1 July 2001 to 31 October 2002

13. CREDITORS - LONG-TERM LOANS *(continued)*

	31 Oct 02 £	30 Jun 01 £
Not wholly repayable within five years:		
Due over 10 years to June 2011 bearing interest at 2.45% above the base rate. Secured on the company's freehold property.	345,551	383,028
Wholly repayable within five years:		
Due over 5 years to June 2005 bearing interest at 3% above the base rate. Secured on the future income of the company's contracts.	555,615	806,368
Due over 5 years to August 2006 bearing interest at 2% above the base rate. Secured on the company's property and the future income of the company's contracts.	196,616	—
Due over 3 years to September 2002 bearing interest at 2.6% above the base rate. Secured on the company's property and the future income of the company's contracts.	4,701	228,361
	<u>756,932</u>	<u>1,034,729</u>
	<u>1,102,483</u>	<u>1,417,757</u>

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	31 Oct 02 £	30 Jun 01 £
Amounts payable within 1 year	81,251	55,975
Amounts payable between 1 and 2 years	67,933	38,612
Amounts payable between 3 and 5 years	1,610	2,768
	<u>150,794</u>	<u>97,355</u>

15. DEFERRED TAXATION

	31 Oct 02 £	Year to 30 Jun 01 £
The movement in the deferred taxation provision during the period was:		
Provision brought forward	140,000	110,000
Profit and loss account movement arising during the period	68,000	30,000
Provision carried forward	<u>208,000</u>	<u>140,000</u>

NOTES TO THE ACCOUNTS

for the period from 1 July 2001 to 31 October 2002

15. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	31 Oct 02	Year to 30 Jun 01
	£	£
Excess of taxation allowances over depreciation on fixed assets	144,000	140,000
Effect of changed tax rate on opening balance	64,000	—
	<u>208,000</u>	<u>140,000</u>

16. SHARE CAPITAL

Authorised share capital:

	31 Oct 02	30 Jun 01
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	31 Oct 02		30 Jun 01	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Oct 02	30 Jun 01
	£	£
Profit for the financial period	592	346,783
Opening equity shareholders' funds	401,548	54,765
Closing equity shareholders' funds	<u>402,140</u>	<u>401,548</u>

18. ULTIMATE PARENT COMPANY

During the year the company was acquired by Vanilla Group Limited which is now the company's immediate and ultimate holding company. Vanilla Group Limited is incorporated in Great Britain and registered in England and Wales. Copies of the group accounts of Vanilla Group Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.