

**Circuit Launderette Services  
Limited**

Report and Accounts  
*31 October 2005*



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OFFICERS AND PROFESSIONAL ADVISERS

**The Board of Directors**

J M Davies  
J Laithwaite  
S R Laithwaite  
R H Logan  
G S Wilkinson  
R C Cardis  
L McFarlane

**Company Secretary**

R H Logan

**Registered Office**

Meadowcroft Lane  
Halifax Road  
Ripponden  
West Yorkshire  
HX6 4AJ

**Auditors**

Rees Pollock  
35 New Bridge Street  
London  
EC4V 6BW

**Bankers**

Barclays Bank plc  
1 Park Row  
Leeds  
LS1 5WU

**Solicitors**

Ford and Warren  
Westgate Point  
Westgate  
Leeds  
LS1 2AX

**Registered Number**

2944540

**DIRECTORS' REPORT**

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The directors present their report and the accounts of the company for the year ended 31 October 2005.

**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 year and the company's financial position at the end of the year are shown in the attached accounts.

The directors have recommended the following dividends:

	2005	2004
	£	£
Dividends paid on ordinary shares	<u>1,200,000</u>	<u>-</u>

**Directors**

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

J M Davies  
J Laithwaite  
S R Laithwaite  
R H Logan  
G S Wilkinson  
R C Cardis  
F M Hambleton

(Resigned 31 October 2005)

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.

L McFarlane was appointed as a director on 1 November 2005.

**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 and of the profit or loss of the company for that year. 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.

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 year the company made the following contributions:

	2005	2004
	£	£
Charitable	<u>275</u>	<u>60</u>

**Auditors**

A resolution to re-appoint Rees Pollock as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



R H Logan  
Company Secretary

2 August 2006



# REES POLLOCK

*Chartered Accountants*

35 New Bridge Street  
London EC4V 6BW  
Telephone 020 7778 7200  
Fax 020 7329 6408

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

We have audited the accounts on pages 5 to 13 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 directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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.

### **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 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Rees Pollock*

Rees Pollock  
Chartered Accountants  
Registered Auditors

9 August 2006

Circuit Launderette Services Limited

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 October 2005

	Note	2005 £	2004 £
<b>TURNOVER</b>	2	7,803,627	6,460,613
Cost of sales		(5,660,635)	(4,846,192)
<b>GROSS PROFIT</b>		2,142,992	1,614,421
Administrative expenses		(1,265,021)	(751,610)
<b>OPERATING PROFIT</b>	3	877,971	862,811
Interest payable and similar charges	6	(300,145)	(231,069)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		577,826	631,742
Tax on profit on ordinary activities	7	(132,781)	(188,376)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		445,045	443,366
Dividends	8	(1,200,000)	—
<b>(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		(754,955)	443,366
Balance brought forward		1,332,606	889,240
Balance carried forward		<u>577,651</u>	<u>1,332,606</u>

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 year as set out above.

The notes on pages 7 to 13 form part of these accounts.

Circuit Launderette Services Limited

**BALANCE SHEET**

at 31 October 2005

	Note	£	2005 £	2004 £
<b>FIXED ASSETS</b>				
Tangible assets	9		6,788,827	5,865,853
<b>CURRENT ASSETS</b>				
Stocks	10	58,471		62,179
Debtors	11	860,836		1,042,951
Cash at bank		634,441		413,096
		1,553,748		1,518,226
<b>CREDITORS: amounts falling due within one year</b>	12	3,859,534		2,260,797
<b>NET CURRENT LIABILITIES</b>			(2,305,786)	(742,571)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,483,041	5,123,282
<b>CREDITORS: amounts falling due after more than one year</b>	13		3,428,571	3,397,593
			1,054,470	1,725,689
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Deferred taxation	15		476,719	392,983
			577,751	1,332,706
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	17		100	100
Profit and loss account			577,651	1,332,606
<b>SHAREHOLDERS' FUNDS</b>	18		577,751	1,332,706

*G S Wilkinson*

G S Wilkinson

Director

*2 August 2006*

The notes on pages 7 to 13 form part of these accounts.

**NOTES TO THE ACCOUNTS**

for the year ended 31 October 2005

**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 1996) 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 year ended 31 October 2005

**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):

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Depreciation of owned fixed assets	1,486,442	1,202,758
Depreciation of assets held under hire purchase agreements	—	44,312
Profit on disposal of fixed assets	(33,525)	(22,028)
Auditors' remuneration		
- as auditors	10,000	10,000
Operating lease costs		
- vehicles	<u>6,553</u>	<u>—</u>

**4. PARTICULARS OF EMPLOYEES**

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

	<b>2005</b>	<b>2004</b>
	<b>No</b>	<b>No</b>
Operations	24	23
Administration	14	12
	<u>38</u>	<u>35</u>

The aggregate payroll costs of the above were:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,250,600	971,997
Social security costs	135,670	119,652
Other pension costs	43,488	27,180
	<u>1,429,758</u>	<u>1,118,829</u>

## NOTES TO THE ACCOUNTS

for the year ended 31 October 2005

**5. DIRECTORS' EMOLUMENTS**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments	<u>58,998</u>	<u>70,074</u>
Value of company pension contributions to money purchase schemes	<u>4,695</u>	<u>3,238</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Interest payable on bank borrowing	300,145	229,538
Finance charges	—	1,531
	<u>300,145</u>	<u>231,069</u>

**7. TAXATION ON ORDINARY ACTIVITIES****(a) Analysis of charge in the year**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	49,045	103,443
Total current tax	49,045	103,443
<b>Deferred tax</b>		
Origination and reversal of timing differences	83,736	84,933
Tax on profit on ordinary activities	<u>132,781</u>	<u>188,376</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>577,826</u>	<u>631,742</u>
Profit on ordinary activities multiplied by rate of tax	173,348	189,523
Effects of:		
Expenses not deductible for tax purposes	926	2,117
Timing differences on fixed assets	(83,736)	(84,933)
Marginal relief	(80)	—
Group relief	(41,413)	—
Difference between accounting and tax treatment of fixed asset disposal	—	(3,264)
Total current tax (note 7(a))	<u>49,045</u>	<u>103,443</u>

## NOTES TO THE ACCOUNTS

for the year ended 31 October 2005

**8. DIVIDENDS**

The following dividends have been paid in respect of the year:

	2005 £	2004 £
Dividend paid on ordinary shares	<u>1,200,000</u>	<u>—</u>

**9. TANGIBLE FIXED ASSETS**

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 November 2004	8,780,003	160,754	172,081	9,112,838
Additions	2,407,348	6,100	—	2,413,448
Disposals	(348,137)	—	(122,216)	(470,353)
At 31 October 2005	<u>10,839,214</u>	<u>166,854</u>	<u>49,865</u>	<u>11,055,933</u>
Depreciation				
At 1 November 2004	2,983,611	122,836	140,538	3,246,985
Charge for the year	1,450,052	10,135	26,255	1,486,442
On disposals	(348,137)	—	(118,184)	(466,321)
At 31 October 2005	<u>4,085,526</u>	<u>132,971</u>	<u>48,609</u>	<u>4,267,106</u>
Net book value				
At 31 October 2005	<u>6,753,688</u>	<u>33,883</u>	<u>1,256</u>	<u>6,788,827</u>
At 31 October 2004	<u>5,796,392</u>	<u>37,918</u>	<u>31,543</u>	<u>5,865,853</u>

**10. STOCKS**

	2005 £	2004 £
Finished goods	<u>58,471</u>	<u>62,179</u>

**11. DEBTORS**

	2005 £	2004 £
Trade debtors	23,061	124,618
Amounts owed by group undertakings	273,747	309,085
Other debtors	3,313	—
Prepayments and accrued income	560,715	609,248
	<u>860,836</u>	<u>1,042,951</u>

## NOTES TO THE ACCOUNTS

for the year ended 31 October 2005

**12. CREDITORS: amounts falling due within one year**

	2005	2004
	£	£
Bank loans and overdrafts	561,626	571,429
Trade creditors	511,775	379,969
Amounts owed to group undertakings	2,557,376	988,414
Corporation tax	49,045	103,443
Other taxation	30,134	62,660
Accruals and deferred income	149,578	154,882
	<u>3,859,534</u>	<u>2,260,797</u>

**13. CREDITORS: amounts falling due after more than one year**

	2005	2004
	£	£
Bank loans and overdrafts	<u>3,428,571</u>	<u>3,397,593</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005	2004
	£	£
Bank loans and overdrafts	<u>3,428,571</u>	<u>3,397,593</u>

**14. CREDITORS - LONG-TERM LOANS**

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

	2005	2004
	£	£
Amounts repayable:		
In one year or less or on demand	571,429	571,429
In more than one year but not more than two years	571,429	571,429
In more than two years but not more than five years	1,714,286	1,714,286
In more than five years	1,142,856	1,142,856
	<u>4,000,000</u>	<u>4,000,000</u>
Unamortised loan issue expenses	9,803	30,978
	<u>3,990,197</u>	<u>3,969,022</u>

The loan is secured by a fixed and floating charge over the assets of the company and other group subsidiaries as well as the rental contracts of the company. The loan bears interest at 1.75% above the bank's base rate. The loan is repayable as the company's rental contracts expire over the next seven years, although future drawdowns can be made against future contracts up to the amount repaid. The entire loan is due for repayment in January 2007 subject to any extension granted by the lender.

As this loan is a rolling facility over a 7-year period with an initial commitment for 2 years the facility has been disclosed with a 7-year repayment profile.

## NOTES TO THE ACCOUNTS

for the year ended 31 October 2005

**15. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	2005 £	2004 £
Provision brought forward	392,983	308,050
Profit and loss account movement arising during the year	83,736	84,933
Provision carried forward	<u>476,719</u>	<u>392,983</u>

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

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	476,719	392,983
	<u>476,719</u>	<u>392,983</u>

**16. COMMITMENTS UNDER OPERATING LEASES**

At 31 October 2005 the company had annual commitments under non-cancellable operating leases as set out below

	Land & buildings 2005 £	2004 £
Operating leases which expire:		
Within 2 to 5 years	18,120	—
After more than 5 years	12,000	18,120
	<u>30,120</u>	<u>18,120</u>

**17. SHARE CAPITAL**

Authorised share capital:

	2005 £	2004 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS

for the year ended 31 October 2005

**18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005	2004
	£	£
Profit for the financial year	445,045	443,366
Dividends	(1,200,000)	—
	(754,955)	443,366
Opening equity shareholders' funds	1,332,706	889,340
Closing equity shareholders' funds	<u>577,751</u>	<u>1,332,706</u>

**19. ULTIMATE PARENT COMPANY**

The company's immediate and ultimate holding company is Vanilla Group Limited. 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.