



**THE SWISS LAUNDRY LIMITED**

**Report and Financial Statements**

**30 June 1998**

**Deloitte & Touche  
Leda House  
Station Road  
Cambridge CB1 2RN**

**( - 29/01/99)  
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**REPORT AND FINANCIAL STATEMENTS 1998**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Statement of total recognised gains and losses</b>	<b>5</b>
<b>Note of historical cost profits and losses</b>	<b>6</b>
<b>Reconciliation of movements in shareholders' funds and statement of movements on reserves</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Cash flow statement</b>	<b>8</b>
<b>Notes to the cash flow statement</b>	<b>9</b>
<b>Notes to the accounts</b>	<b>10</b>



**REPORT AND FINANCIAL STATEMENTS 1998**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mrs M S Turvill-Smith (Chairman)  
W S Hammill  
G J Turvill  
R J Turvill  
Dr J L Turvill  
M K Turvill

**SECRETARY**

R J Turvill

**REGISTERED OFFICE**

Cherry Hinton Road  
Cambridge CB1 4BY

**BANKERS**

Barclays Bank PLC  
7/8 Clifton Court  
Cherry Hinton Road  
Cambridge CB1 4BN

**SOLICITORS**

Hewitson Becke & Shaw  
Shakespeare House  
42 Newmarket Road  
Cambridge CB5 8EP

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Leda House  
Station Road  
Cambridge CB1 2RN



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 June 1998.

## **ACTIVITIES**

The activities of the company are as launderers, dry cleaners and linen suppliers.

## **REVIEW OF DEVELOPMENTS**

The directors are satisfied with the results for the year and expect the company to continue to trade profitably in the year ahead.

## **DIVIDENDS**

The directors do not recommend the payment of a dividend.

## **YEAR 2000 COMPLIANCE**

The company is currently in the process of addressing the Year 2000 issue. The extent to which the company relies on computer systems is limited and it therefore foresees few significant issues with Year 2000 compliance. However, it cannot guarantee the compliance of any third party systems.

## **DIRECTORS AND THEIR INTERESTS**

The directors of the company who served throughout the year and their beneficial interests in the ordinary shares of the company are as follows:

	Shares	
	1998	1997
Mrs M S Turvill-Smith - Chairman	51,000	51,000
W S Hammill	-	-
G J Turvill	12,250	12,250
R J Turvill	12,250	12,250
Dr J L Turvill	12,250	12,250
M K Turvill	12,250	12,250

In accordance with the Articles of Association, M K Turvill and W S Hammill retire and offer themselves for re-election.

## **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 as at the end of the financial year 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. 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.

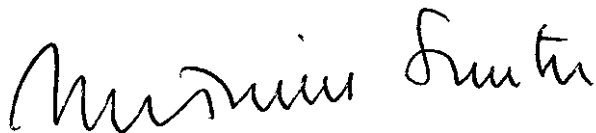


## **DIRECTORS' REPORT**

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Secretary

29 January 1999



## THE SWISS LAUNDRY LIMITED

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on pages 10 and 11.

#### Respective responsibilities of directors and auditors

As described on page 2 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. 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.

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 financial statements 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 financial statements.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

9 February 1999


**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 June 1998**

	Note	1998 £	1997 £
<b>TURNOVER</b>	1	1,679,919	1,480,484
Cost of sales		852,993	746,312
Gross profit		<u>826,926</u>	<u>734,172</u>
Distribution costs		187,339	176,419
Administrative expenses		626,447	551,071
Other operating income		(59,210)	(40,641)
		<u>754,576</u>	<u>686,849</u>
<b>OPERATING PROFIT</b>	3	<u>72,350</u>	<u>47,323</u>
Other interest receivable and similar income		2,844	3,885
Interest payable and similar charges	4	(3,923)	(2,401)
		<u>(1,079)</u>	<u>1,484</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		71,271	48,807
Tax on profit on ordinary activities	5	17,588	29,880
<b>TRANSFER TO RESERVES</b>		<u>53,683</u>	<u>18,927</u>

All activities derive from continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 30 June 1998**

	1998 £	1997 £
Profit for the financial year	53,683	18,927
Unrealised surplus on revaluation of properties	-	228,648
Total recognised gains and losses relating to the year	<u>53,683</u>	<u>247,575</u>


**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**Year ended 30 June 1998**

	1998 £	1997 £
Profit on ordinary activities before taxation	71,271	48,807
Difference between historical cost depreciation and actual depreciation charge for the year based on the revalued amount	<u>10,463</u>	<u>10,463</u>
Historical cost profit on ordinary activities before taxation	<u>81,734</u>	<u>59,270</u>
Historical cost profit retained for the year after taxation and dividends	<u>64,146</u>	<u>29,390</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**AND STATEMENT OF MOVEMENTS ON RESERVES**  
**Year ended 30 June 1998**

	Share capital account £	Share premium account £	Revalua- tion reserve £	Profit and loss account £	Total 1998 £	Total 1997 £
At 1 July 1997	100,000	599	1,682,851	762,501	2,545,951	2,298,376
Profit retained for the year				53,683	53,683	18,927
Surplus on revaluation of investment properties	-	-	-	-	-	228,648
Transfer of amount equivalent to additional depreciation on revalued assets	-	-	(10,463)	10,463	-	-
At 30 June 1998	<u>100,000</u>	<u>599</u>	<u>1,672,388</u>	<u>826,647</u>	<u>2,599,634</u>	<u>2,545,951</u>




**BALANCE SHEET  
30 June 1998**

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	6	2,661,678	2,478,482
Investments	7	3,182	3,182
		<u>2,664,860</u>	<u>2,481,664</u>
<b>CURRENT ASSETS</b>			
Stocks	8	125,633	144,326
Debtors	9	256,281	264,489
Cash at bank and in hand		27,437	25,028
		<u>409,351</u>	<u>433,843</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(344,087)</u>	<u>(353,180)</u>
<b>NET CURRENT ASSETS</b>		<u>65,264</u>	<u>80,663</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,730,124	2,562,327
<b>CREDITORS: amounts falling due after more than one year</b>	11	(102,985)	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>(27,505)</u>	<u>(16,376)</u>
		<u>2,599,634</u>	<u>2,545,951</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100,000	100,000
Share premium account		599	599
Revaluation reserve		1,672,388	1,682,851
Profit and loss account		826,647	762,501
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>2,599,634</u>	<u>2,545,951</u>

These financial statements were approved by the Board of Directors on 29 January 1999.

Signed on behalf of the Board of Directors

Director



**THE SWISS LAUNDRY LIMITED**

**CASH FLOW STATEMENT**

**Year ended 30 June 1998**

	1998 £	1997 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	72,350	47,323
Depreciation charges	115,066	89,673
Profit on disposal of tangible fixed assets	(7,583)	-
Decrease (increase) in stocks	18,693	(3,704)
Decrease (increase) in debtors	8,208	(52,793)
Decrease in creditors	(73,941)	(47,063)
<b>Net cash inflow from operating activities</b>	<u>132,793</u>	<u>33,436</u>
Net cash inflow from operating activities	132,793	33,436
Returns on investments and servicing of finance (note 1)	(909)	1,484
Taxation	(13,504)	(13,092)
Capital expenditure (note 1)	(170,679)	(63,088)
Net cash outflow before financing	(52,299)	(41,260)
Financing (note 1)	56,545	(24,409)
<b>Increase (decrease) in cash</b>	<u>4,246</u>	<u>(65,669)</u>
<b>Reconciliation of net cash flow to movement in net debt (note 2)</b>		
Increase (decrease) in cash in the period	4,246	(65,669)
Cash (inflow) outflow from change in debt	(56,545)	24,409
New hire purchase contract	(120,000)	-
Net debt at 1 July 1997	(43,301)	(2,041)
<b>Net debt at 30 June 1998</b>	<u>(215,600)</u>	<u>(43,301)</u>


**THE SWISS LAUNDRY LIMITED**
**CASH FLOW STATEMENT**
**Year ended 30 June 1998**

	1998 £	1997 £
<b>1. GROSS CASH FLOWS</b>		
Returns on investments and servicing of finance		
Interest received	2,844	3,885
Interest paid	(2,863)	(2,401)
Hire purchase interest paid	(890)	-
	<u>(909)</u>	<u>1,484</u>
 Capital expenditure		
Payments to acquire tangible fixed assets	(191,879)	(63,088)
Receipts from sales of tangible fixed assets	21,200	-
	<u>(170,679)</u>	<u>(63,088)</u>
 Financing		
New bank borrowings	100,000	-
Repayment of bank borrowings	(36,788)	(24,409)
Capital element of hire purchase contracts	(6,667)	-
	<u>56,545</u>	<u>(24,409)</u>

**2. ANALYSIS OF CHANGES IN NET DEBT**

	1998 £	Cash flows £	Other non cash changes £	1997 £
Cash at bank and in hand	27,437	2,409		25,028
Overdraft	(50,052)	1,837		(51,889)
		<u>4,246</u>		
Debt due within one year	(50,000)	(63,212)	29,652	(16,440)
Debt due after one year	(29,652)	-	(29,652)	-
Hire purchase due within one year	(40,000)	6,667	(46,667)	-
Hire purchase due after one year	(73,333)	-	(73,333)	-
		<u>(56,545)</u>		
	<u>(215,600)</u>	<u>(52,299)</u>	<u>(120,000)</u>	<u>(43,301)</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1998**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

**Turnover**

Turnover is the amount derived from the provision of goods and services from the company's ordinary activities after deduction of trade discounts and value added tax.

**Tangible fixed assets**

No depreciation is provided on freehold land or buildings held for their investment potential.

For other tangible fixed assets depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Buildings	2% per annum
Plant, machinery, fixtures and fittings	8 1/3 to 33 1/3% per annum
Motor vehicles	20% per annum

**Investment properties**

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Investments**

Investments held as fixed assets in the company's subsidiaries, Scotsdale Laundry (Cambridge) Limited and Swiss Linen Hire Services Limited, are stated at cost less provision for permanent diminution in value. Both subsidiaries have been dormant for many years and due to the immateriality of the amounts involved advantage has been taken of the exemption available to small and medium sized groups and group accounts have not been prepared.

**Stocks**

Consumables and goods for resale are valued at the lower of cost and net realisable value.

Raw materials represent linen and garments bought for rehire to customers.

The value of these hire stocks represents the residual cost of items still in use, the cost being written off over their expected remaining serviceable life of two years.

**Leases**

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.


**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1998**
**1. ACCOUNTING POLICIES (continued)**
**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Pension costs**

The company operates a defined contribution scheme covering the directors and senior employees. The pension cost represents the amount of contributions payable to the pension scheme in respect of the accounting period.

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1998 £	1997 £
<b>Directors' emoluments</b>		
Emoluments	246,432	227,634
Pension contributions to a defined contribution pension scheme	23,664	30,342
	<u>270,096</u>	<u>257,976</u>
 The number of directors who were members of a defined contribution pension scheme was 5 (1997 - 5).		
<b>Highest paid director's remuneration</b>		
Emoluments	93,912	94,241
Pension contributions to a defined contribution pension scheme	-	-
	<u>93,912</u>	<u>94,241</u>
 <b>Average number of persons employed</b>	<b>No</b>	<b>No</b>
Production	69	72
Administration	15	15
	<u>84</u>	<u>87</u>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	880,242	812,568
Social security costs	66,863	63,855
Pension costs	37,336	43,766
	<u>984,441</u>	<u>920,189</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1998**

**3. OPERATING PROFIT**

	1998 £	1997 £
Operating profit is after charging (crediting):		
Depreciation - owed assets	86,013	89,673
- leased assets	29,053	-
Auditors' remuneration	7,650	7,650
Profit on disposal of tangible fixed assets	(7,583)	-
	<u>          </u>	<u>          </u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1998 £	1997 £
Bank loan and overdraft	3,033	2,401
Hire purchase	890	-
	<u>          </u>	<u>          </u>
	3,923	2,401
	<u>          </u>	<u>          </u>

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1998 £	1997 £
United Kingdom corporation tax at 21% (1997 - 23.3%) based on the profit for the year	6,459	13,504
Deferred taxation	11,129	16,376
	<u>          </u>	<u>          </u>
	17,588	29,880
	<u>          </u>	<u>          </u>

The tax charge is high due to depreciation on assets not qualifying for capital allowances.



**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1998**

**6. TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings</b>		<b>Plant, machinery, fixtures and fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>Trade</b>	<b>Investment</b>			
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cost or valuation					
At 1 July 1997	825,789	1,617,000	676,019	241,321	3,360,129
Additions	48,509	-	213,141	50,229	311,879
Disposals/scrapings	-	-	(96,426)	(58,940)	(155,366)
At 30 June 1998	874,298	1,617,000	792,734	232,610	3,516,642
Valuation	649,583	1,072,716	-	-	1,722,299
Cost	224,715	544,284	792,734	232,610	1,794,343
	874,298	1,617,000	792,734	232,610	3,516,642
Depreciation					
At 1 July 1997	84,236	-	622,770	174,641	881,647
Provided for year	13,516	-	67,467	34,083	115,066
Disposals/scrapings	-	-	(96,426)	(45,323)	(141,749)
At 30 June 1998	97,752	-	593,811	163,401	854,964
Net book value					
At 30 June 1998	776,546	1,617,000	198,923	69,209	2,661,678
At 30 June 1997	741,553	1,617,000	53,249	66,680	2,478,482

If stated under historical cost principles the comparable amounts for freehold land and buildings would be:

	<b>£</b>
Cost	768,999
Accumulated depreciation	47,841
Net book value	
At 30 June 1998	721,158
At 30 June 1997	675,702

The freehold investment properties were revalued at 30 June 1998 by the directors on the basis of professional advice.

Included in plant, machinery, fixtures and fittings are assets held under hire purchase contracts with a net book value of £116,212 (1997 - £nil).



**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1998**

**7. INVESTMENTS HELD AS FIXED ASSETS**

**Unconsolidated subsidiaries**

The company holds 100% of the share capital of Scotsdale Laundry (Cambridge) Limited and Swiss Linen Hire Services Limited, which are dormant and are registered in England and Wales.

	1998 £	1997 £
The cost of shares amounts to:		
Scotsdale Laundry (Cambridge) Limited	5,665	5,665
Provision to reduce cost of acquisition to equal aggregate amount of capital and reserves	(3,315)	(3,315)
	<u>2,350</u>	<u>2,350</u>
Swiss Linen Hire Services Limited	832	832
	<u>3,182</u>	<u>3,182</u>
Swiss Linen Hire Services Limited - capital and reserves	<u>1,014</u>	<u>1,014</u>

The shares in Swiss Linen Hire Services Limited were purchased at a discount of £182.

**8. STOCKS**

	1998 £	1997 £
Raw materials and consumables:		
Linen pool and workwear	80,826	83,440
Other stock	21,065	19,128
Goods for resale	23,742	41,758
	<u>125,633</u>	<u>144,326</u>

**9. DEBTORS**

	1998 £	1997 £
Trade debtors	249,504	218,995
Other debtors	-	250
Prepayments and accrued income	6,777	45,244
	<u>256,281</u>	<u>264,489</u>





**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1998**

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Bank overdraft	50,052	51,889
Bank loans (note 11)	50,000	16,440
Hire purchase	40,000	-
Trade creditors	67,661	110,986
Amounts owed to group undertakings		
Subsidiaries	3,364	3,364
Corporation tax	6,534	13,504
Other taxes and social security	71,131	75,641
Other creditors	250	250
Accruals and deferred income	55,095	81,106
	<u>344,087</u>	<u>353,180</u>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1998	1997
	£	£
Bank loans:		
Due between one and two years	29,652	-
Hire purchase:		
Due between one and two years	40,000	-
Due between two and five years	33,333	-
	<u>102,985</u>	<u>-</u>

The bank loans and overdraft are secured by fixed charges over certain of the company's properties. The bank loans are repayable in instalments within five years.

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	1998	1997
	£	£
Deferred taxation		
Balance at 1 July	16,376	-
Profit and loss account charge	11,129	16,376
	<u>27,505</u>	<u>16,376</u>
Balance at 30 June		



**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1998**

**12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 1998 £	Provided 1997 £	Not provided 1998 £	Not provided 1997 £
Capital allowances in advance of depreciation	27,505	16,376	-	-
Other timing differences	-	-	(385)	-
Taxation on valuation surplus	-	-	105,507	105,507
	<u>27,505</u>	<u>16,376</u>	<u>105,122</u>	<u>105,507</u>

**13. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised, allotted and fully paid 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**14. FINANCIAL COMMITMENTS**

	1998 £	1997 £
Capital commitments Contracted but not provided	<u>144,000</u>	<u>20,480</u>

**15. RELATED PARTY TRANSACTIONS**

Mrs M S Turvill-Smith is the controlling party with 51% of the voting rights of the company.

Intercompany balances between the company and its 100% subsidiaries Swiss Linen Hire Services Limited and Scotsdales Laundry (Cambridge) Limited are:

	Creditors £
Amounts due to Swiss Linen Hire Services Limited	1,014
Amounts due to Scotsdales Laundry (Cambridge) Limited	<u>2,350</u>
	<u>3,364</u>