



THE SWISS LAUNDRY LIMITED

Report and Financial Statements

30 June 1997



Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN

**REPORT AND FINANCIAL STATEMENTS 1997**

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REPORT AND FINANCIAL STATEMENTS 1997

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 1997.

ACTIVITIES

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

REVIEW OF DEVELOPMENTS

An upturn in the economy has, with a bullish stance from the directors, produced highly satisfactory results. We look forward with confidence to continued controlled growth and to take advantage of new opportunities that may lie ahead.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends were paid during the year and the directors do not propose a final dividend. A profit of £18,927 (1996 - loss £16,381) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

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

	Shares	
	1997	1996
Mrs M S Turvill-Smith - Chairman	51,000	51,000
R W Charlton (retired 31 May 1997)	-	-
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, G J Turvill and R J Turvill retire and offer themselves for re-election.

**DIRECTORS' REPORT****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.

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

10 October 1997



Chartered Accountants

Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN

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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 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. 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 1997 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

22 October 1997


PROFIT AND LOSS ACCOUNT
Year ended 30 June 1997

	Note	1997 £	1996 £
TURNOVER	1	1,480,484	1,359,080
Cost of sales		746,312	633,738
Gross profit		<u>734,172</u>	<u>725,342</u>
Distribution costs		176,419	167,078
Administrative expenses		551,071	588,491
Other operating income		(40,641)	(66,258)
		<u>686,849</u>	<u>689,311</u>
OPERATING PROFIT	3	<u>47,323</u>	<u>36,031</u>
Other interest receivable and similar income		3,885	1,943
Interest payable and similar charges	4	(2,401)	(6,169)
		<u>1,484</u>	<u>(4,226)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		48,807	31,805
Tax on profit on ordinary activities	5	29,880	13,886
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		18,927	17,919
Dividends	6	-	34,300
TRANSFER TO (FROM) RESERVES		<u>18,927</u>	<u>(16,381)</u>

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 June 1997

	1997 £	1996 £
Profit for the financial year	18,927	17,919
Unrealised surplus on revaluation of properties	228,648	-
Total recognised gains and losses relating to the year	<u>247,575</u>	<u>17,919</u>


NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 30 June 1997

	1997 £	1996 £
Profit on ordinary activities before taxation	48,807	31,805
Difference between historical cost depreciation and actual depreciation charge for the year based on the revalued amount	<u>10,463</u>	<u>9,465</u>
Historical cost profit on ordinary activities before taxation	<u>59,270</u>	<u>41,270</u>
Historical cost profit (loss) retained for the year after taxation and dividends	<u>29,390</u>	<u>(6,916)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AND STATEMENT OF MOVEMENTS ON RESERVES
Year ended 30 June 1997

	Share capital account £	Share premium account £	Revalua- tion reserve £	Profit and loss account £	Total 1997 £	Total 1996 £
At 1 July 1996	100,000	599	1,464,666	733,111	2,298,376	2,314,757
Profit (loss) retained for the year	-	-	-	18,927	18,927	(16,381)
Surplus on revaluation of investment properties	-	-	228,648	-	228,648	-
Transfer of amount equivalent to additional depreciation on revalued assets	<u>-</u>	<u>-</u>	<u>(10,463)</u>	<u>10,463</u>	<u>-</u>	<u>-</u>
At 30 June 1997	<u>100,000</u>	<u>599</u>	<u>1,682,851</u>	<u>762,501</u>	<u>2,545,951</u>	<u>2,298,376</u>


BALANCE SHEET
30 June 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	7	2,478,482	2,276,419
Investments	8	3,182	3,182
		<u>2,481,664</u>	<u>2,279,601</u>
CURRENT ASSETS			
Stocks	9	144,326	140,622
Debtors	10	264,489	211,696
Cash at bank and in hand		25,028	55,058
		<u>433,843</u>	<u>407,376</u>
CREDITORS: amounts falling due within one year	11	<u>(353,180)</u>	<u>(371,085)</u>
NET CURRENT ASSETS		<u>80,663</u>	<u>36,291</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,562,327</u>	<u>2,315,892</u>
CREDITORS: amounts falling due after more than one year			
Bank loan	12	-	(17,516)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(16,376)</u>	<u>-</u>
		<u>2,545,951</u>	<u>2,298,376</u>
CAPITAL AND RESERVES			
Called up share capital	14	100,000	100,000
Share premium account		599	599
Revaluation reserve		1,682,851	1,464,666
Profit and loss account		762,501	733,111
EQUITY SHAREHOLDERS' FUNDS		<u>2,545,951</u>	<u>2,298,376</u>

These financial statements were approved by the Board of Directors on 10 October 1997

Signed on behalf of the Board of Directors

Director


CASH FLOW STATEMENT
Year ended 30 June 1997

	1997 £	1996 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	47,323	36,031
Depreciation charges	89,673	63,103
Profit on disposal of tangible fixed assets	-	(5,225)
Increase in stocks	(3,704)	(4,034)
Increase in debtors	(52,793)	(3,486)
(Decrease) increase in creditors	(47,063)	55,634
Net cash inflow from operating activities	<u>33,436</u>	<u>142,023</u>
 Net cash inflow from operating activities	33,436	142,023
Returns on investments and servicing of finance (note 1)	1,484	(4,286)
Taxation	(13,092)	(44,681)
Capital expenditure (note 1)	(63,088)	(38,134)
	<u>(41,260)</u>	<u>54,922</u>
Equity dividends paid	-	(34,300)
 Net cash (outflow) inflow before financing	(41,260)	20,622
Financing (note 1)	(24,409)	(67,513)
 Decrease in cash	<u>(65,669)</u>	<u>(46,891)</u>
 Reconciliation of net cash flow movement to movement in net debt (note 2)		
Decrease in cash in the period	(65,669)	(46,891)
Cash outflow from decrease in debt	24,409	67,513
Net debt at 1 July 1996	(2,041)	(22,663)
 Net debt at 30 June 1997	<u>(43,301)</u>	<u>(2,041)</u>


CASH FLOW STATEMENT
Year ended 30 June 1997

	1997 £	1996 £		
1. GROSS CASH FLOWS				
Returns on investments and servicing of finance				
Interest received	3,885	1,943		
Interest paid	(2,401)	(6,229)		
	<u>1,484</u>	<u>(4,286)</u>		
Capital expenditure				
Payments to acquire tangible fixed assets	(63,088)	(41,359)		
Receipts from sales of tangible fixed assets	-	3,225		
	<u>(63,088)</u>	<u>(38,134)</u>		
Financing				
Repayment of bank borrowings	<u>(24,409)</u>	<u>(67,513)</u>		
2. ANALYSIS OF CHANGES IN NET DEBT				
	1997 £	Cash flows £	Other non cash changes £	1996 £
Cash at bank and in hand	25,028	(30,030)		55,058
Overdraft	(51,889)	(35,639)		(16,250)
		(65,669)		
Debt due within one year	(16,440)	24,409	(17,516)	(23,333)
Debt due after one year	-	-	17,516	(17,516)
TOTAL	<u>(43,301)</u>	<u>(41,260)</u>	<u>-</u>	<u>(2,041)</u>

**NOTES TO THE ACCOUNTS**
Year ended 30 June 1997**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.


NOTES TO THE ACCOUNTS
Year ended 30 June 1997
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

	1997 £	1996 £
Directors' emoluments		
Emoluments	227,634	279,788
Pension contributions to a defined contribution pension scheme	30,342	44,500
	<u>257,976</u>	<u>324,288</u>
 The number of directors who were members of a defined contribution pension scheme was 5 (1996 - 5).		
Highest paid director's remuneration		
Emoluments	94,241	103,281
Pension contributions to a defined contribution pension scheme	-	-
	<u>94,241</u>	<u>103,281</u>
 Average number of persons employed	No	No
Production	72	68
Administration	15	16
	<u>87</u>	<u>84</u>
 Staff costs during the year (including directors)	£	£
Wages and salaries	812,568	830,619
Social security costs	63,855	62,156
Pension costs	43,766	55,705
	<u>920,189</u>	<u>948,480</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 1997

3. OPERATING PROFIT

	1997 £	1996 £
Operating profit is after charging (crediting):		
Depreciation	89,673	63,103
Auditors' remuneration	7,650	7,650
Profit on disposal of tangible fixed assets	-	(5,225)
	<u> </u>	<u> </u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Bank loan and overdraft	<u>2,401</u>	<u>6,169</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
United Kingdom corporation tax at 23.3% (1996 - 24.75%) based on the profit for the year	13,504	13,092
Adjustments to prior years' tax provisions		
Corporation tax	-	900
Deferred taxation	16,376	(106)
	<u>29,880</u>	<u>13,886</u>

The taxation charge is disproportionate to the profit for the year because of losses brought forward available to offset against the current tax charge.

6. DIVIDENDS

	1997 £	1996 £
On equity shares		
Interim dividends paid	<u>-</u>	<u>34,300</u>

No final dividend has been proposed.


NOTES TO THE ACCOUNTS
Year ended 30 June 1997
7. TANGIBLE FIXED ASSETS

	Freehold land and buildings		Plant, machinery, fixtures and fittings	Motor vehicles	Total
	Trade £	Investment £	£	£	£
Cost or valuation					
At 1 July 1996	739,789	1,474,352	656,396	197,856	3,068,393
Revaluation	-	228,648	-	-	228,648
Transferred	86,000	(86,000)	-	-	-
Additions	-	-	19,623	43,465	63,088
At 30 June 1997	825,789	1,617,000	676,019	241,321	3,360,129
Valuation	649,583	1,072,716	-	-	1,722,299
Cost	176,206	544,284	676,019	241,321	1,637,830
	825,789	1,617,000	676,019	241,321	3,360,129
Accumulated depreciation					
At 1 July 1996	70,720	-	578,706	142,548	791,974
Charge for the year	13,516	-	44,064	32,093	89,673
At 30 June 1997	84,236	-	622,770	174,641	881,647
Net book value					
At 30 June 1997	741,553	1,617,000	53,249	66,680	2,478,482
At 30 June 1996	669,069	1,474,352	77,690	55,308	2,276,419

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

	£
Cost	720,490
Accumulated depreciation	44,788
Net book value	
At 30 June 1997	675,702
At 30 June 1996	678,755

The freehold investment properties were revalued at the year end by the directors on the basis of professional advice.

Revalued amounts are based on open market values as at 30 June 1997.


NOTES TO THE ACCOUNTS
Year ended 30 June 1997
8. 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.

	1997 £	1996 £
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.

9. STOCKS

	1997 £	1996 £
Raw materials and consumables:		
Linen pool and workwear	83,440	54,543
Other stock	19,128	21,483
Goods for resale	41,758	64,596
	<u>144,326</u>	<u>140,622</u>

10. DEBTORS

	1997 £	1996 £
Trade debtors	218,995	199,525
Other debtors	250	7,000
Prepayments and accrued income	45,244	5,171
	<u>264,489</u>	<u>211,696</u>


NOTES TO THE ACCOUNTS
Year ended 30 June 1997
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdraft	51,889	16,250
Bank loans (note 12)	16,440	23,333
Trade creditors	110,986	43,981
Amounts owed to group undertakings		
Subsidiaries	3,364	3,364
Corporation tax	13,504	13,092
Other taxes and social security	75,641	93,780
Other creditors	250	250
Accruals and deferred income	81,106	177,035
	<u>353,180</u>	<u>371,085</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Bank loans:		
Due between one and two years	-	17,516

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.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	1997 £	1996 £
Deferred taxation		
Balance at 1 July	-	106
Profit and loss account charge (credit)	16,376	(106)
Balance at 30 June	<u>16,376</u>	<u>-</u>

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

	Provided 1997 £	Provided 1996 £	Not provided 1997 £	Not provided 1996 £
Capital allowances in advance of depreciation	16,376	-	-	26,450
Other timing differences	-	-	-	(7,987)
Taxation on valuation surplus	-	-	105,507	120,579
	<u>16,376</u>	<u>-</u>	<u>105,507</u>	<u>139,042</u>



NOTES TO THE ACCOUNTS
Year ended 30 June 1997

14. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted and fully paid 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

15. FINANCIAL COMMITMENTS

	1997 £	1996 £
Capital commitments		
Contracted but not provided	<u>20,480</u>	<u>-</u>

16. 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>