

Company Registration No. 00021188 (England and Wales)

CHESTER LAUNDRY LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2003



CHESTER LAUNDRY LIMITED

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CHESTER LAUNDRY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003

The directors present their report and financial statements for the year ended 30 June 2003.

Principal activities and review of the business

The principal activity of the company continued to be that of contract laundry and textile services, allied with garment, cabinet, towel and linen rental.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 July 2002:

P C Hunt
N P Hunt
P Hunt

Directors' interests

The directors' interests in the shares of the company were as stated below:

| | Ordinary Shares of £ 1 each | |
|----------|-----------------------------|-------------|
| | 30 June 2003 | 1 July 2002 |
| P C Hunt | 28,728 | 28,728 |
| N P Hunt | 80,439 | 80,439 |
| P Hunt | 5,746 | 5,746 |

Auditors

Hacker Young were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

CHESTER LAUNDRY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

Directors' responsibilities

Directors are required by the Companies Act 1985 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 for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements on a going concern basis.

On behalf of the board



N P Hunt

Director

26 April 2004

CHESTER LAUNDRY LIMITED

INDEPENDENT AUDITORS' REPORT TO CHESTER LAUNDRY LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of the company for the year ended 30 June 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

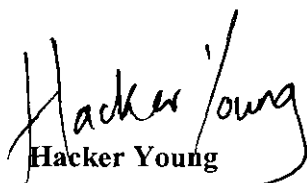
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 14 are properly prepared in accordance with that provision.


Hacker Young

26 April 2004

Chartered Accountants
Registered Auditor

CHESTER LAUNDRY LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003

| | Notes | 2003 £ | 2002 £ |
|--|-----------|-----------|-----------|
| Gross profit | | 782,497 | 851,636 |
| Distribution costs | | (208,905) | (377,311) |
| Administrative expenses | | (457,707) | (565,174) |
| Operating profit/(loss) | 2 | 115,885 | (90,849) |
| Profit on sale of property | | - | 1,667,669 |
| Profit on ordinary activities before interest | | 115,885 | 1,576,820 |
| Interest payable and similar charges | 3 | (51,816) | (37,449) |
| Profit on ordinary activities before taxation | | 64,069 | 1,539,371 |
| Tax on profit on ordinary activities | 4 | (12,173) | (73,621) |
| Profit on ordinary activities after taxation | 13 | 51,896 | 1,465,750 |

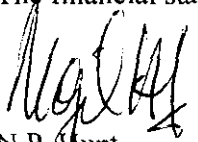
CHESTER LAUNDRY LIMITED

BALANCE SHEET AS AT 30 JUNE 2003

| | Notes | 2003 £ | 2002 £ |
|--|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 5 | 3,617,914 | 2,904,875 |
| Current assets | | | |
| Stocks | 6 | 75,446 | 59,349 |
| Debtors | 7 | 363,653 | 2,090,217 |
| Cash at bank and in hand | | 129 | 179 |
| | | <u>439,228</u> | <u>2,149,745</u> |
| Creditors: amounts falling due within one year | 8 | <u>(1,119,583)</u> | <u>(2,616,889)</u> |
| Net current liabilities | | <u>(680,355)</u> | <u>(467,144)</u> |
| Total assets less current liabilities | | <u>2,937,559</u> | <u>2,437,731</u> |
| Creditors: amounts falling due after more than one year | 9 | (447,932) | - |
| Provisions for liabilities and charges | 10 | <u>(73,621)</u> | <u>(73,621)</u> |
| | | <u>2,416,006</u> | <u>2,364,110</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 114,913 | 114,913 |
| Profit and loss account | 13 | <u>2,301,093</u> | <u>2,249,197</u> |
| Shareholders' funds - equity interests | 17 | <u>2,416,006</u> | <u>2,364,110</u> |

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the board on 26 April 2004


N P Hunt
Director

CHESTER LAUNDRY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

| | Notes | £ | 2003 £ | £ | 2002 £ |
|--|-----------|-------------|-------------|-------------|-------------|
| Net cash inflow/(outflow) from operating activities | 14 | | 1,996,538 | | (1,107,970) |
| Returns on investments and servicing of finance | | | | | |
| Interest paid | | (51,816) | | (37,449) | |
| Net cash outflow for returns on investments and servicing of finance | | | (51,816) | | (37,449) |
| Capital expenditure | | | | | |
| Payments to acquire intangible assets | | - | | (541,178) | |
| Payments to acquire tangible assets | | (302,592) | | (1,645,920) | |
| Receipts from sales of tangible assets | | - | | 1,680,900 | |
| Net cash outflow for capital expenditure | | | (302,592) | | (506,198) |
| Net cash inflow/(outflow) before management of liquid resources and financing | | | 1,642,130 | | (1,651,617) |
| Financing | | | | | |
| Other new short term loans | | - | | 1,499,304 | |
| Repayment of other short term loans | | (1,499,304) | | - | |
| Capital element of hire purchase contracts | | (287,536) | | (22,510) | |
| Net cash (outflow)/inflow from financing | | | (1,786,840) | | 1,476,794 |
| Decrease in cash in the year | 15 | | (144,710) | | (174,823) |

CHESTER LAUNDRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|-----------------------------|--|
| Land and buildings Freehold | 2% straight line |
| Plant and machinery | 5% and 10% reducing balance basis |
| Garments | 20%, 33.33% and 50% reducing balance basis |
| Motor vehicles | 20% reducing balance basis |

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Pensions

Payments to the company's defined contribution pension scheme are charged to the profit and loss account as they become payable.

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRSSE 2002 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

| 2 Operating profit/(loss) | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Operating profit/(loss) is stated after charging: | | |
| Amortisation of intangible assets | 199,445 | 346,055 |
| Depreciation of tangible assets | 98,803 | 113,897 |
| Operating lease rentals | | |
| - Plant and machinery | 25,397 | 20,711 |
| Auditors' remuneration | 6,000 | 16,114 |

CHESTER LAUNDRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| | | | |
|----------|---|---------------|------------------|
| 3 | Interest payable | 2003 | 2002 |
| | | £ | £ |
| | On bank loans and overdrafts | 33,475 | 32,026 |
| | Hire purchase interest | 18,341 | 5,423 |
| | | <u>51,816</u> | <u>37,449</u> |
| 4 | Taxation | 2003 | 2002 |
| | | £ | £ |
| | Domestic current year tax | | |
| | UK corporation tax | 12,173 | - |
| | | <u>12,173</u> | <u>-</u> |
| | Current tax charge | 12,173 | - |
| | Deferred tax | | |
| | Deferred tax charge/credit current year | - | 73,621 |
| | | <u>12,173</u> | <u>73,621</u> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 64,069 | 1,539,371 |
| | | <u>64,069</u> | <u>1,539,371</u> |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 % (2002 : 30.00 %) | 12,173 | 461,811 |
| | | <u>12,173</u> | <u>461,811</u> |
| | Effects of: | | |
| | Non deductible expenses | - | (535,432) |
| | Capital allowances in excess of depreciation | - | 162,286 |
| | Tax losses utilised | - | (88,665) |
| | | <u>-</u> | <u>(461,811)</u> |
| | Current tax charge | 12,173 | - |
| | | <u>12,173</u> | <u>-</u> |

CHESTER LAUNDRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

5 Tangible fixed assets

| | Land and buildings Freehold | Plant and machinery | Garments | Motor vehicles | Total |
|-----------------------|-----------------------------------|------------------------|-----------|-------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 July 2002 | 1,286,450 | 916,083 | 1,013,649 | 1,209,946 | 4,426,128 |
| Additions | - | 630,375 | 287,943 | 92,969 | 1,011,287 |
| At 30 June 2003 | 1,286,450 | 1,546,458 | 1,301,592 | 1,302,915 | 5,437,415 |
| Depreciation | | | | | |
| At 1 July 2002 | - | 420,712 | 346,055 | 754,486 | 1,521,253 |
| Charge for the year | - | 70,882 | 199,445 | 27,921 | 298,248 |
| At 30 June 2003 | - | 491,594 | 545,500 | 782,407 | 1,819,501 |
| Net book value | | | | | |
| At 30 June 2003 | 1,286,450 | 1,054,864 | 756,092 | 520,508 | 3,617,914 |
| At 30 June 2002 | 1,286,450 | 495,371 | 667,594 | 455,460 | 2,904,875 |

Included above are assets held under finance leases or hire purchase contracts as follows:

| | Plant and machinery | Motor vehicles | Total |
|---|------------------------|-------------------|---------|
| | £ | £ | £ |
| Net book values | | | |
| At 30 June 2003 | 510,698 | 47,181 | 557,879 |
| At 30 June 2002 | 92,980 | 25,952 | 118,932 |
| Depreciation charge for the year | | | |
| 30 June 2003 | 14,360 | 7,592 | 21,952 |
| 30 June 2002 | - | 6,110 | 6,110 |

CHESTER LAUNDRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| | | | |
|----------|---|------------------|------------------|
| 6 | Stocks and work in progress | 2003 | 2002 |
| | | £ | £ |
| | Raw materials and consumables | 49,728 | 46,078 |
| | Work in progress | 3,148 | 958 |
| | Finished goods and goods for resale | 22,570 | 12,313 |
| | | <u>75,446</u> | <u>59,349</u> |
| | | | |
| 7 | Debtors | 2003 | 2002 |
| | | £ | £ |
| | Trade debtors | 353,710 | 365,093 |
| | Other debtors | - | 1,688,039 |
| | Prepayments and accrued income | 9,943 | 37,085 |
| | | <u>363,653</u> | <u>2,090,217</u> |
| | | | |
| 8 | Creditors: amounts falling due within one year | 2003 | 2002 |
| | | £ | £ |
| | Bank loans and overdrafts | 607,893 | 1,962,537 |
| | Net obligations under finance lease and hire purchase contracts | 137,705 | 164,478 |
| | Trade creditors | 166,647 | 173,864 |
| | Corporation tax | 16,923 | 4,750 |
| | Other taxes and social security costs | 95,815 | 254,409 |
| | Directors' current accounts | 3,025 | 3,025 |
| | Other creditors | 726 | 726 |
| | Accruals and deferred income | 90,849 | 53,100 |
| | | <u>1,119,583</u> | <u>2,616,889</u> |
| | | | |
| | Debt due in one year or less | <u>-</u> | <u>1,499,304</u> |

The bank loans and overdrafts are secured by a mortgage debenture over the assets of the company and the property at Bumpers Lane.

CHESTER LAUNDRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| 9 Creditors: amounts falling due after more than one year | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Net obligations under finance leases and hire purchase agreements | 447,932 | - |
| Net obligations under finance leases and hire purchase contracts | | |
| Repayable within one year | 137,705 | 164,478 |
| Repayable between one and five years | 447,932 | - |
| | 585,637 | 164,478 |
| Included in liabilities falling due within one year | (137,705) | (164,478) |
| | 447,932 | - |

10 Provisions for liabilities and charges

**Deferred
taxation
£**

| | |
|--|--------|
| Balance at 1 July 2002 & at 30 June 2003 | 73,621 |
|--|--------|

Deferred taxation provided in the financial statements is as follows:

| | 2003 £ | 2002 £ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 73,621 | 73,621 |

11 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Contributions payable by the company for the year | 14,249 | 8,451 |

CHESTER LAUNDRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| | | |
|--|------------------|--|
| 12 Share capital | 2003 | 2002 |
| | £ | £ |
| Authorised | | |
| 114,913 Ordinary Shares of £ 1 each | <u>114,913</u> | <u>114,913</u> |
| Allotted, called up and fully paid | | |
| 114,913 Ordinary Shares of £ 1 each | <u>114,913</u> | <u>114,913</u> |
| 13 Statement of movements on profit and loss account | | |
| | | Profit and loss account £ |
| Balance at 1 July 2002 | | 2,249,197 |
| Retained profit for the year | | <u>51,896</u> |
| Balance at 30 June 2003 | | <u>2,301,093</u> |
| 14 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities | 2003 | 2002 |
| | £ | £ |
| Operating profit/(loss) | 115,885 | (90,849) |
| Depreciation of tangible assets | 98,803 | 113,897 |
| Amortisation of intangible assets | 199,445 | 346,055 |
| Increase in stocks | (16,097) | (9,852) |
| Decrease/(increase) in debtors | 1,726,564 | (1,710,121) |
| (Decrease)/Increase in creditors within one year | <u>(128,062)</u> | <u>242,900</u> |
| Net cash inflow/(outflow) from operating activities | <u>1,996,538</u> | <u>(1,107,970)</u> |

CHESTER LAUNDRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| 15 Analysis of net debt | 1 July 2002 | Cash flow | Other non- 30 June 2003 cash changes |
|-----------------------------------|--------------------|------------------|---|
| | £ | £ | £ |
| Net cash: | | | |
| Cash at bank and in hand | 179 | (50) | 129 |
| Bank overdrafts | (463,233) | (144,660) | (607,893) |
| | <u>(463,054)</u> | <u>(144,710)</u> | <u>(607,764)</u> |
| Debt: | | | |
| Finance leases | (164,478) | 287,536 | (708,695) |
| Debts falling due within one year | (1,499,304) | 1,499,304 | - |
| | <u>(2,126,836)</u> | <u>1,642,130</u> | <u>(708,695)</u> |
| Net debt | <u>(2,126,836)</u> | <u>1,642,130</u> | <u>(1,193,401)</u> |

| 16 Reconciliation of net cash flow to movement in net debt | 2003 £ | 2002 £ |
|--|--------------------|--------------------|
| Decrease in cash in the year | (144,710) | (174,823) |
| Cash outflow/(inflow) from decrease/(increase) in debt and lease financing | 1,786,840 | (1,476,794) |
| Change in net debt resulting from cash flows | <u>1,642,130</u> | <u>(1,651,617)</u> |
| New finance lease | (708,695) | (139,803) |
| Movement in net debt in the year | <u>933,435</u> | <u>(1,791,420)</u> |
| Opening net debt | (2,126,836) | (335,416) |
| Closing net debt | <u>(1,193,401)</u> | <u>(2,126,836)</u> |

| 17 Reconciliation of movements in shareholders' funds | 2003 £ | 2002 £ |
|---|------------------|------------------|
| Profit for the financial year | 51,896 | 1,465,750 |
| Opening shareholders' funds | 2,364,110 | 898,360 |
| Closing shareholders' funds | <u>2,416,006</u> | <u>2,364,110</u> |

CHESTER LAUNDRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

| 18 Directors' emoluments | 2003 | 2002 |
|------------------------------------|---------------|----------------|
| | £ | £ |
| Emoluments for qualifying services | <u>63,436</u> | <u>106,515</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002 - 3).

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

| | 2003 | 2002 |
|---------------------------|---------------|---------------|
| | Number | Number |
| Production and management | <u>65</u> | <u>65</u> |

Employment costs

| | £ | £ |
|---------------------|----------------|------------------|
| Wages and salaries | 971,313 | 1,399,805 |
| Other pension costs | <u>14,249</u> | <u>8,451</u> |
| | <u>985,562</u> | <u>1,408,256</u> |

20 Control

The ultimate controlling party is Mr. N. P. Hunt by virtue of his shareholding.