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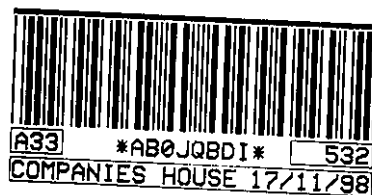
FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITED

DIRECTORS' REPORT

and

ACCOUNTS

31ST MARCH 1998



FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITEDREPORT OF THE DIRECTORS

The Directors submit their Annual Report and the Audited Accounts of the Company for the year ended 31st March 1998.

STATEMENT OF 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 period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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. 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.

ACTIVITIES

The principal activities of the Company are property investment.

REVIEW OF THE BUSINESS

The Company results for the year are set out in the Profit and Loss Account on Page 4.

The directors anticipate that Year 2000 computer problems and the introduction of the euro will not have any significant impact on the company's business.

DIVIDENDS AND RESERVES

The directors do not recommend the payment of a dividend.

FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITEDREPORT OF THE DIRECTORS (Continued)DIRECTORS AND THEIR SHARE INTERESTS

- a) The directors who served during the year and their interests in the shares of the Company at the beginning and at the end of the year were as follows:

		<u>H.A. Watts</u>	<u>L.G. Hicks</u>
<u>Fosters Imperial Steam Laundry Company Limited</u>			
Non-beneficial	£5 Ordinary Shares	1	1

Other Group Companies

The directors interests in other group companies are shown in the Directors Reports of those companies.

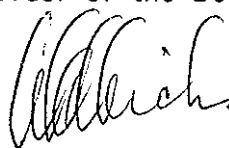
- b) In accordance with the Articles of Association, the director retiring by rotation is Mr. H.A. Watts.

AUDITORS

The present auditors, Alliotts, have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting to re-appoint them.

This report is prepared in accordance with the provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



L.G. HICKS

Secretary

Registered Office,
Fifth Floor,
Thames Street Block,
Sir John Lyon House,
5 High Timber Street,
Upper Thames Street,
London EC4V 3NS.

Company Number: 33996

Date: 08.10.98

REPORT OF THE AUDITORS TO THE MEMBERS OF
FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITED

We have audited the accounts on Pages 4 to 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on Page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, of those accounts 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 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 mis-statement, 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 at 31st March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ALLIOTTS

Chartered Accountants
Registered Auditors

Canterbury House,
Sydenham Road,
Croydon,
Surrey CR9 2DG.

Date: 14 October 1998

FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31ST MARCH 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
<u>TURNOVER</u>	1b	8,760	10,209
<u>COST OF SALES</u>		1,157	-
<u>GROSS PROFIT</u>		7,603	10,209
Administrative Expenses		(4,194)	(3,900)
Interest Receivable		771	666
Interest Payable		(3,800)	(4,800)
<u>PROFIT ON ORDINARY ACTIVITIES</u>	3	380	2,175
<u>TRANSFER TO RESERVES</u>	8	380	2,175
		=====	=====

The results for the year and the previous year as set out above are derived entirely from continuing operations.

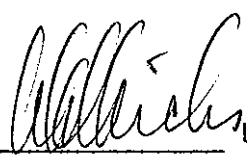
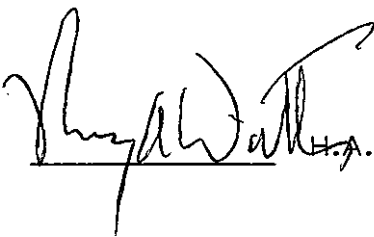
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSESYEAR ENDED 31ST MARCH 1998

	<u>1998</u> £	<u>1997</u> £
Profit for the financial year	380	2,175
Unrealised surplus on revaluation of properties	3,000	12,250
Total gains and losses recognised since last annual report	3,380	14,425
	=====	=====

FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITEDBALANCE SHEET31ST MARCH 1998

	Notes	1998		1997	
		£	£	£	£
<u>FIXED ASSETS</u>					
Tangible Assets	2		109,770		107,030
<u>CURRENT ASSETS</u>					
Cash at Bank		16,060		17,948	
		<u>16,060</u>		<u>17,948</u>	
<u>CREDITORS</u>					
Amounts falling due within one year	4	(43,062)		(45,590)	
<u>NET CURRENT (LIABILITIES)</u>			(27,002)		(27,642)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			<u>82,768</u>		<u>79,388</u>
			=====		=====
<u>CAPITAL AND RESERVES</u>					
Called-Up Share Capital	5		24,000		24,000
Revaluation Reserve	8		27,548		24,548
Profit and Loss Account	8		31,220		30,840
<u>SHAREHOLDERS' FUNDS - equity</u>		11	<u>82,768</u>		<u>79,388</u>
			=====		=====

The accounts set out on Pages 4 to 9 were approved by the Board on 09.09 1998 and were signed on its behalf by:-

 L.G. HICKS, Director  H.A. WATTS, Director

Date: 08.10.98

FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31ST MARCH 19981. ACCOUNTING POLICIESa) Taxation

Corporation Tax is provided on taxable profits at current rates. Any potential liability to Corporation Tax on any capital gains which would arise on the disposal of properties at the value stated in the Balance Sheet is covered by capital losses available to the Company.

b) Turnover

Turnover is the amount receivable in the ordinary course of business from gross rents.

c) Basis of Accounts

The accounts have been prepared under the historical cost convention, with the exception of investment properties included at valuation, and in accordance with applicable accounting standards.

d) Investment Properties

In accordance with SSAP 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. The surplus or deficit over valuation arising on disposals of investment properties is included in the Profit and Loss Account. The realised valuation surplus corresponding to properties sold is transferred to the Profit and Loss Account. Depreciation is not provided in respect of investment properties. The Directors consider that this accounting policy results in the accounts giving a true and fair view. 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. Investment properties as at 31st March 1998 are as shown in the Company's Balance Sheet at the valuation of Mr. H.A. Watts, the Company's property director, on the basis of the open market value of similar properties. It is proposed that an independent professional revaluation shall be made every five years.

e) Other Tangible Fixed Assets

Other tangible fixed assets are shown at cost less depreciation calculated to write-off the assets on a reducing balance basis over their useful lives as follows:

Furniture and Fittings	-	20% per annum
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FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31ST MARCH 1998

2. TANGIBLE FIXED ASSETS

	Freehold Investment Property	Furniture & Fittings	Total
	£	£	£
Cost or Valuation -			
At 1st April 1997	105,750	1,993	107,743
Additions during year	-	-	-
Disposal during year	-	-	-
Surplus on Revaluation	3,000	-	3,000
	<u> </u>	<u> </u>	<u> </u>
At 31st March 1998	108,750	1,993	110,743
	=====	=====	=====
Depreciation -			
at 1st April 1996	-	713	713
In Year	-	260	260
	<u> </u>	<u> </u>	<u> </u>
at 31st March 1998	-	973	973
	===	===	===
Written down value			
31st March 1998	108,750	1,020	109,770
	=====	=====	=====
31st March 1997	105,750	1,280	107,030
	=====	=====	=====
		<u>1998</u>	<u>1997</u>
		£	£
Historical Cost of Investment Property		81,202	81,202
		=====	=====

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

After charging:

Interest payable to group undertaking	3,800	4,800
Audit Fee	530	200
Directors' Emoluments	2,000	2,000
Depreciation	260	320
	=====	=====

No provision for corporation tax is required due to losses incurred in prior years.

FOSTERS IMPERIAL STEAM LAUNDRY COMPANY LIMITEDNOTES TO THE ACCOUNTS (Continued)YEAR ENDED 31ST MARCH 19989. PARTICULARS OF EMPLOYEES

The directors are the only employees of the company. Their total remuneration is set out in Note 10.

10. INFORMATION REGARDING DIRECTORS

	<u>1998</u> £	<u>1997</u> £
Directors emoluments	2,000 =====	2,000 =====

Financial transactions:

Mr. L.G. Hicks is a partner of Messrs. Hyland, Riches & Raw who act as advising Accountants to the Company and received fees of £ 1,000 + VAT for this service.

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u> £	<u>1997</u> £
Net addition to Shareholders' Funds		
- Unrealised Property Revaluation Surplus	3,000	12,250
Profit for the Year	380	2,175
Opening Shareholders' Funds	79,388	64,963
Closing Shareholders' Funds	£ 82,768 =====	£ 79,388 =====

12. RELATED PARTY TRANSACTIONS

The company undertakes various transactions with its fellow subsidiary undertaking, Teachers Finance Company Limited. Relevant details of interest payable to and balance with the fellow subsidiary are disclosed elsewhere in these accounts. No transactions were undertaken with other group companies in the year.