

# **Jani-Jack Limited**

## **Directors' report and financial statements**

**31 March 1997**

Registered number 1065048



# Jani-Jack Limited

## Directors' report and financial statements

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# Jani-Jack Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1997.

### Principal activity

The principal activity of the company is the manufacture and sale of light industrial and commercial cleaning equipment combined with precision engineering.

### Business review

In January 1997 the company was acquired by Addis Group Limited. The due diligence process confirmed that the market value of the company's freehold property was less than the carrying value (as noted in last year's accounts). The carrying value has now been written down to its market value.

The company now forms part of a focused group and, assisted by new product development and wider market access, future trading prospects appear most encouraging.

### Dividends and transfer to reserves

The retained loss for the financial year of £577,000 (1996: £153,000 profit) is to be transferred from reserves. The directors do not propose to pay a dividend for the period.

### Directors and directors' interests

The directors who held office during the year were as follows:

|                 |                             |
|-----------------|-----------------------------|
| P Frost         |                             |
| M G Sartin      |                             |
| C Papadopoulos  | - appointed 10 January 1997 |
| A J Christopher | - appointed 10 January 1997 |
| E G Hall        | - resigned 10 January 1997  |
| F Bohacek       | - resigned 5 April 1996     |

C Papadopoulos and A J Christopher are directors of Addis Group Limited in the accounts of which their interest in the share capital of group companies is shown. The other directors had no interest in any group companies at the year end.

# Jani-Jack Limited

## Directors' report *(continued)*

### 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 and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### Auditors

During the year Ernst & Young resigned as auditors and the directors appointed KPMG in their place.

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly KPMG are deemed to be re-appointed for the succeeding financial year.

By order of the board

  
A J Christopher  
Secretary

Riverbank  
Swansea  
SA1 7DD

21 May 1997



Marlborough House  
Fitzalan Court  
Fitzalan Road  
Cardiff CF2 1TE

## Auditors' report to the members of Jani-Jack Limited

We have audited the financial statements on pages 4 to 14.

### *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 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants  
Registered Auditors

21 May 1997

# Jani-Jack Limited

## Profit and loss account for the year ended 31 March 1997

|  | Note | 1997    |                | Restated<br>(see note 1)<br>1996 |         |
|--|------|---------|----------------|----------------------------------|---------|
|  |      | £000    | £000           | £000                             | £000    |
| <b>Turnover</b>  | 2    |         | <b>3,112</b>   |                                  | 3,216   |
| Cost of sales - normal   |      | (2,013) |                | (1,963)                          |         |
| - exceptional  | 4    | (666)   |                | -                                |         |
|  |      |         |                |                                  |         |
| Cost of sales  |      |         | <b>(2,679)</b> |                                  | (1,963) |
|  |      |         |                |                                  |         |
| <b>Gross profit</b>  |      |         | <b>433</b>     |                                  | 1,253   |
| Distribution costs   |      |         | (330)          |                                  | (290)   |
| Administrative expenses  |      |         | (771)          |                                  | (764)   |
|  |      |         |                |                                  |         |
| <b>Operating (loss)/profit</b>   |      |         | <b>(668)</b>   |                                  | 199     |
| Interest receivable and similar income   |      |         | 22             |                                  | 34      |
| Interest payable and similar charges   | 3    |         | (5)            |                                  | (3)     |
|  |      |         |                |                                  |         |
| <b>(Loss)/profit on ordinary activities before taxation</b>  | 4    |         | <b>(651)</b>   |                                  | 230     |
| Tax on (loss)/profit on ordinary activities  | 7    |         | 74             |                                  | (77)    |
|  |      |         |                |                                  |         |
| <b>Retained (loss)/profit on ordinary activities after taxation being (loss)/profit for the financial year</b> |      |         | <b>(577)</b>   |                                  | 153     |
| Balance brought forward  |      |         | <b>1,694</b>   |                                  | 1,541   |
|  |      |         |                |                                  |         |
| Balance carried forward  |      |         | <b>1,117</b>   |                                  | 1,694   |

There were no recognised gains or losses in either financial year other than those passing through the profit and loss account.

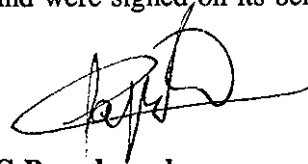
# Jani-Jack Limited

## Balance sheet at 31 March 1997

|  | Note | 1997<br>£000 | 1996<br>£000 |
|--|------|--------------|--------------|
| <b>Fixed assets</b>  |      |              |              |
| Tangible assets  | 8    | 931          | 1,642        |
| Investments  | 9    | 5            | 5            |
|  |      | <u>936</u>   | <u>1,647</u> |
| <b>Current assets</b>  |      |              |              |
| Stocks   | 10   | 404          | 502          |
| Debtors  | 11   | 627          | 653          |
| Cash at bank and in hand                                       |      | 384          | 399          |
|  |      | <u>1,415</u> | <u>1,554</u> |
| <b>Creditors: amounts falling due within one year</b>          | 12   | (732)        | (799)        |
| <b>Net current assets</b>                                      |      | <u>683</u>   | <u>755</u>   |
| <b>Total assets less current liabilities</b>                   |      | <u>1,619</u> | <u>2,402</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 13   | (2)          | (126)        |
| <b>Provisions for liabilities and charges</b>                  | 14   | -            | (82)         |
| <b>Net assets</b>  |      | <u>1,617</u> | <u>2,194</u> |
| <b>Capital and reserves</b>                                    |      |              |              |
| Called up share capital  | 15   | 500          | 500          |
| Profit and loss account  |      | 1,117        | 1,694        |
| <b>Shareholders' funds</b>                                     | 16   | <u>1,617</u> | <u>2,194</u> |

These financial statements were approved by the board of directors on and were signed on its behalf by:

21 May 1997



**C Papadopoulos**  
Director

# Jani-Jack Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.

The company is exempt from preparing group accounts under section 228 of the Companies Act 1989.

#### *Restatement*

The classification of certain expenses in the profit and loss account has been revised to more fairly reflect the nature of the business. Figures for the year ended 31 March 1996 have been restated on this basis. The reported results for the year ended 31 March 1996 are unaffected by this change.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

|  |   |  |
|--|---|--|
| Freehold buildings                         | - | 2% until 31 December 1996, 3.3% thereafter |
| Plant and machinery, fixtures and fittings | - | 10 to 33 %                                 |
| Motor vehicles                             | - | 25%  |

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or the rates of exchange at which they were contracted to be settled in the future. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.



# Jani-Jack Limited

## 1 Accounting policies (*continued*)

### *Leased assets*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

### *Pension costs*

The company participates in a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

### *Research and development expenditure*

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

### *Stocks*

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost has mainly been determined using the first in, first out basis. Work in progress and finished goods include materials, direct labour and an appropriate proportion of production overhead expenses.

### *Taxation*

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

### *Turnover*

Turnover represents the amounts excluding VAT and other sales taxes derived from the provision of goods and services to customers during the period.

### *Related parties*

The company has taken advantage of the exemption under Financial Reporting Standard 8 from the requirement to disclose transactions with related parties which are members of the same group.

## 2 Analysis of turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation arise solely from the principal activity of the company.

The company has not disclosed an analysis of turnover by market as the directors consider that this will be seriously prejudicial to the company.

# Jani-Jack Limited

## Notes (continued)

### 3 Interest payable

|               | 1997<br>£000 | 1996<br>£000 |
|---------------|--------------|--------------|
| Bank interest | <u>5</u>     | <u>3</u>     |

### 4 (Loss)/profit on ordinary activities before taxation

|   | 1997<br>£000 | 1996<br>£000 |
|---|--------------|--------------|
| <i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>          |              |              |
| Auditors' remuneration - audit work   | 7            | 7            |
| - other services  | 2            | 2            |
| Depreciation of tangible fixed assets:  |              |              |
| Equipment on hire purchase  | 9            | 10           |
| Other assets  | 159          | 153          |
| Amounts payable under operating leases in respect of plant and machinery                      | 50           | 39           |
| Research and development  | 5            | 12           |
| Exceptional cost - provision for permanent diminution in value of freehold land and buildings | <u>666</u>   | <u>-</u>     |

### 5 Staff numbers and costs

The average number of persons employed full time by the company (including directors) during the period, analysed by category, was as follows:

|                                       | Number of employees |           |
|---------------------------------------|---------------------|-----------|
|                                       | 1997                | 1996      |
| Manufacturing                         | 44                  | 49        |
| Selling, marketing and administration | <u>26</u>           | <u>24</u> |
|                                       | <u>70</u>           | <u>73</u> |

The aggregate payroll costs of all employees were as follows:

|                       | 1997<br>£000 | 1996<br>£000 |
|-----------------------|--------------|--------------|
| Wages and salaries    | 979          | 994          |
| Social security costs | 88           | 93           |
| Other pension costs   | <u>23</u>    | <u>24</u>    |
|                       | <u>1,090</u> | <u>1,111</u> |

# Jani-Jack Limited

## Notes (continued)

### 6 Remuneration of directors

|   | 1997<br>£000 | 1996<br>£000 |
|---|--------------|--------------|
| Directors' emoluments excluding pension contributions | 104          | 139          |
| Pension contributions to defined contribution schemes | <u>9</u>     | <u>11</u>    |

Four directors were members of the defined contribution pension scheme.

### 7 Taxation

|  | 1997<br>£000 | 1996<br>£000 |
|--|--------------|--------------|
| Taxation charge/(credit)                 |              |              |
| Based on the (loss)/profit for the year: |              |              |
| UK corporation tax                       | 9            | 84           |
| Deferred taxation                        | -            | (7)          |
| Prior period adjustments:                |              |              |
| UK corporation tax                       | (1)          | -            |
| Deferred taxation                        | (82)         | -            |
|  | <u>(74)</u>  | <u>77</u>    |

The taxation charge for the year has been increased by the effect of the exceptional provision for permanent diminution in value of freehold buildings and other differences between the depreciation of fixed assets and their corporation tax treatment for which a deferred taxation asset is not recognised.

# Jani-Jack Limited

## Notes (continued)

### 8 Tangible fixed assets

|   | Freehold land<br>and buildings | Plant and<br>equipment | Motor vehicles,<br>furniture and<br>office<br>equipment | Total |
|---|--------------------------------|------------------------|---|-------|
|   | £000                           | £000                   | £000  | £000  |
| <b>Cost</b>                                     |                                |                        |   |       |
| At beginning of year                            | 1,216                          | 1,510                  | 240   | 2,966 |
| Additions                                       | 26                             | 69                     | 35  | 130   |
| Disposals                                       | -                              | (4)                    | (22)  | (26)  |
|   | <hr/>                          | <hr/>                  | <hr/>   | <hr/> |
| At end of year                                  | 1,242                          | 1,575                  | 253   | 3,070 |
|   | <hr/>                          | <hr/>                  | <hr/>   | <hr/> |
| <b>Depreciation and<br/>diminution in value</b> |                                |                        |   |       |
| At beginning of year                            | 112                            | 1,029                  | 183   | 1,324 |
| Charge for period                               | 16                             | 123                    | 30  | 169   |
| On disposals                                    | -                              | (2)                    | (18)  | (20)  |
| Permanent diminution in<br>value                | 666                            | -                      | -   | 666   |
|   | <hr/>                          | <hr/>                  | <hr/>   | <hr/> |
| At end of year                                  | 794                            | 1,150                  | 195   | 2,139 |
|   | <hr/>                          | <hr/>                  | <hr/>   | <hr/> |
| <b>Net book value</b>                           |                                |                        |   |       |
| At 31 March 1997                                | 448                            | 425                    | 58  | 931   |
|   | <hr/>                          | <hr/>                  | <hr/>   | <hr/> |
| At 31 March 1996                                | 1,104                          | 481                    | 57  | 1,642 |
|   | <hr/>                          | <hr/>                  | <hr/>   | <hr/> |

Net book value above includes £26,250 (1996: £38,000) in respect of plant and machinery being acquired under finance leases.

The cost of freehold land and buildings includes £350,000 (1996: £350,000) non-depreciable land.

During the year the directors reconsidered and revised the estimated useful lives of freehold buildings from 50 years to 30 years and considered a reduction in the value of freehold land and buildings to be permanent. Had this revision not been made the depreciation charge for the period would have been increased by £3,000.

### 9 Fixed asset investments

This represents the cost of the company's investment in the entire issued share capital of JA & MF Engineering Limited, its subsidiary undertaking. That company is registered in England and Wales and has been dormant throughout the year.

# Jani-Jack Limited

## Notes (continued)

|    |   |             |             |
|----|---|-------------|-------------|
| 10 | <b>Stocks</b>   | <b>1997</b> | <b>1996</b> |
|    |   | <b>£000</b> | <b>£000</b> |
|    | Raw materials   | 121         | 165         |
|    | Work in progress                                      | 127         | 188         |
|    | Finished goods  | 156         | 149         |
|    |   | <hr/>       | <hr/>       |
|    |   | 404         | 502         |
|    |   | <hr/>       | <hr/>       |
| 11 | <b>Debtors</b>  | <b>1997</b> | <b>1996</b> |
|    |   | <b>£000</b> | <b>£000</b> |
|    | Trade debtors   | 556         | 588         |
|    | Prepaid expenses                                      | 55          | 37          |
|    | Other debtors   | 16          | 28          |
|    |   | <hr/>       | <hr/>       |
|    |   | 627         | 653         |
|    |   | <hr/>       | <hr/>       |
| 12 | <b>Creditors: amounts falling due within one year</b> | <b>1997</b> | <b>1996</b> |
|    |   | <b>£000</b> | <b>£000</b> |
|    | Other loans (see note 13)                             | 2           | 2           |
|    | Trade creditors                                       | 163         | 238         |
|    | Amounts due to group undertakings                     | 342         | 314         |
|    | Other taxation and social security                    | 43          | 39          |
|    | Other creditors                                       | 121         | 149         |
|    | Accruals and deferred income                          | 61          | 57          |
|    |   | <hr/>       | <hr/>       |
|    |   | 732         | 799         |
|    |   | <hr/>       | <hr/>       |

# Jani-Jack Limited

## Notes (continued)

### 13 Creditors: amounts falling due after more than one year

|   | 1997<br>£000 | 1996<br>£000 |
|---|--------------|--------------|
| Other loans: business development loan at 9%<br>per annum repayable in monthly instalments of<br>£206 commencing April 1990 | 2            | 4            |
| Other creditors:  |              |              |
| Amounts owed to group undertakings  | -            | 122          |
|   | <u>2</u>     | <u>126</u>   |

Other loans are secured by a fixed and floating charge on certain assets of the company.

Borrowings at 31 March 1997 are repayable as follows:

|                            | 1997<br>£000 | 1996<br>£000 |
|----------------------------|--------------|--------------|
| In one year or less        | 2            | 2            |
| Between one and two years  | 2            | 124          |
| Between two and five years | -            | 2            |
|                            | <u>4</u>     | <u>128</u>   |

### 14 Provisions for liabilities and charges

|                          |          |
|--------------------------|----------|
| <i>Deferred taxation</i> | £000     |
| At 1 April 1996          | 82       |
| Released during the year | (82)     |
|                          | <u>-</u> |
| At 31 March 1997         | -        |

At the year end the potential liability at 33% is as follows:

|  | 1997<br>£000 | 1996<br>£000 |
|--|--------------|--------------|
| Differences between accumulated depreciation<br>and capital allowances | 31           | 191          |
| Other timing differences   | (3)          | (6)          |
|  | <u>28</u>    | <u>185</u>   |

# Jani-Jack Limited

## Notes (continued)

### 15 Called up share capital

|  | 1997       | 1996       |
|--|------------|------------|
|  | £000       | £000       |
| <i>Authorised, allotted, called up and fully paid:</i> |            |            |
| 500,000 Ordinary shares of £1 each                     | <u>500</u> | <u>500</u> |

### 16 Reconciliation of shareholders' funds

|                                      | 1997         | 1996         |
|--------------------------------------|--------------|--------------|
|                                      | £000         | £000         |
| At beginning of year                 | 2,194        | 2,041        |
| (Loss)/profit for the financial year | <u>(577)</u> | <u>153</u>   |
| At end of year                       | <u>1,617</u> | <u>2,194</u> |

### 17 Pensions

Throughout the year the company participated in the Boustead plc Retirement and Death Benefit Scheme, a contributory money purchase (defined contribution) scheme.

The assets of the above scheme are held separately from those of the Boustead plc group, being invested in independently administered funds. The premiums payable by the company are charged in the accounts in the period to which they relate.

Until 1 October 1994 the company contributed to the Boustead UK Group Pension Plan, a funded defined benefits pension scheme. From that date pension benefits ceased to accrue and consequently contributions by both the company and the members also ceased. Thereafter eligible employees were able to participate in the Boustead plc Retirement and Death Benefit Scheme described above. The scheme actuary carried out a discontinuance valuation as at 1 October 1994 when the market value of the available assets was £3,030,000, an amount equal to 110% of the scheme's total liabilities at that time. The main assumptions used in preparing this valuation were a yield of 8% for valuing pensions in payment and approximately 9% for valuing the benefits of deferred members. This scheme's assets are also held separately from those of the Boustead group.

### 18 Contingent liabilities

The company has granted a legal charge over its assets as support for loans from a third party to the parent undertaking. There was no liability under this charge at 31 March 1997.

# Jani-Jack Limited

## Notes (continued)

### 19 Commitments

- (i) Contracted capital commitments at 31 March 1997 for which no provision has been made were £20,000 (1996: £72,000).
- (ii) Annual commitments under non-cancellable operating leases for plant and machinery are as follows:

|                          | 1997<br>£000 | 1996<br>£000 |
|--------------------------|--------------|--------------|
| Lease expiring:          |              |              |
| Within one year          | 21           | 2            |
| Within one to two years  | 5            | 36           |
| Within two to five years | 12           | 3            |
|                          | <hr/>        | <hr/>        |
|                          | 38           | 41           |
|                          | <hr/>        | <hr/>        |

### 20 Ultimate parent undertaking

The only group into which the results of the company are consolidated is that headed by Addis Group Limited, the immediate parent undertaking at 31 March 1997, which is registered in England and Wales. Copies of the financial statements of that company are available from Companies House, Crown Way, Maindy, Cardiff.