JLA Limited

Report and Accounts
31 October 2006

Rees Pollock
Chartered Accountants

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	J Laithwaite S R Laithwaite G S Wilkinson R H Logan S M Burrows R C Cardis Y Bateman D Laithwaite D A Ripley RA Lee JJ Fine
Company Secretary	G S Wilkinson
Registered Office	Meadowcroft Lane Halifax Road Ripponden West Yorkshire HX6 4AJ
Auditor	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Barclays Bank plc 1 Park Row Leeds LS1 5WU
Registered Number	1094178

DIRECTORS' REPORT *(continued)*

The directors present their report and the accounts of the company for the year ended 31 October 2006

Principal activities and business review

The principal activity of the company during the year under review was the supply of laundry equipment, related parts and maintenance service

The company is a wholly-owned subsidiary of Vanilla Group Limited, and its position and performance should be viewed in this context For a review of the group's activities refer to the directors' report in the accounts of Vanilla Group Limited

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached accounts

The directors have not recommended a dividend

Directors

The directors who served the company during the year were as follows

J Laithwaite	
S R Laithwaite	
G S Wilkinson	
R H Logan	
S M Burrows	
R C Cardis	
Y Bateman	
D Laithwaite	
J H Swailes	(Resigned 31 October 2006)
D Moorcroft	(Resigned 14 November 2005)

D A Ripley was appointed as a director on 16 February 2007
RA Lee was appointed as a director on 16 February 2007
JJ Fine was appointed as a director on 16 February 2007

Directors' responsibilities

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 year In preparing those accounts, the directors are required to

- select suitable accounting policies, as described on pages 8 to 9, 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 accounts, and
- 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 The directors 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

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance Regular meetings are held between local management and employees to allow a free flow of information and ideas Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

- the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

A resolution to re-appoint Rees Pollock as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD

G S Wilkinson
Company Secretary
17 August 2007

REES POLLOCK
Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JLA LIMITED

We have audited the accounts of JLA Limited for the year ended 31 October 2006 on pages 5 to 17 which have been prepared on the basis of the accounting policies set out on pages 8 to 9

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you if, in our opinion, the information given in the Directors' Report is consistent with the accounts In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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 accounts

Opinion
In our opinion

the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2006 and of its loss for the year then ended,
the accounts have been properly prepared in accordance with the Companies Act 1985, and
the information given in the Directors' Report is consistent with the accounts for the year ended 31 October 2006

Rees Pollock

Rees Pollock
Chartered Accountants & Registered Auditors

29 August 2007

PROFIT AND LOSS ACCOUNT
for the year ended 31 October 2006

	Note	2006 £	2005 £
TURNOVER	**2**	22,735,568	21,760,120
Cost of sales		(18,522,744)	(17,942,635)
GROSS PROFIT		4,212,824	3,817,485
Administrative expenses		(3,361,997)	(2,659,308)
OPERATING PROFIT	**3**	850,827	1,158,177
Income from shares in group undertakings	**6**	–	36,665
Interest receivable		7,306	–
Amounts written off investments	**8**	–	(36,665)
Interest payable and similar charges	**9**	(1,618,837)	(1,225,474)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(760,704)	(67,297)
Tax on loss on ordinary activities	**10**	45,024	(6,005)
LOSS FOR THE FINANCIAL YEAR		(715,680)	(73,302)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 17 form part of these accounts

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 October 2006

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2006	2005
	£	£
Reported loss on ordinary activities before taxation	(760,704)	(67,297)
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	12,481	13,315
Historical cost loss on ordinary activities before taxation	(748,223)	(53,982)
Historical cost loss for the year after taxation	(703,199)	(59,987)

The notes on pages 8 to 17 form part of these accounts

BALANCE SHEET
at 31 October 2006

	Note	£	2006 £	2005 £
FIXED ASSETS				
Tangible assets	**11**		3,525,738	3,510,210
Investments	**12**		–	10,000
			3,525,738	3,520,210
CURRENT ASSETS				
Stocks	**13**	3,720,309		3,521,194
Debtors	**14**	25,663,853		20,168,334
Cash at bank and in hand		14,750		77,752
		29,398,912		23,767,280
CREDITORS: amounts falling due within one year	**16**	30,202,055		24,579,156
NET CURRENT LIABILITIES			(803,143)	(811,876)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,722,595	2,708,334
CREDITORS: amounts falling due after more than one year	**17**		1,963,464	1,233,523
			759,131	1,474,811
CAPITAL AND RESERVES				
Called-up equity share capital	**23**		150,000	150,000
Revaluation Reserve	**24**		452,580	465,061
Profit and loss account	**25**		156,551	859,750
SHAREHOLDERS' FUNDS	**26**		759,131	1,474,811

The accounts on pages 5 to 17 were approved by the board on 17 August 2007 and are signed on its behalf by

R H Logan
Director

The notes on pages 8 to 17 form part of these accounts

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with applicable accounting standards

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the presentation requirements of FRS 25 'Financial Instruments Disclosure and Presentation (IAS 32)' The company has adopted the new standard in accordance with the effective dates issued by the APB

This has not had any effect on the company results for the year or for the previous year

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the accounts on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Related parties transactions

The company is a wholly owned subsidiary of Vanilla Group Limited, the consolidated accounts of which are publicly available Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Vanilla Group Limited group

Turnover

The turnover shown in the profit and loss account represents the value of goods and services provided during the year, stated net of value added tax

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	2% on revalued amount
Fixtures & Fittings	-	8 years
Motor Vehicles	-	3-4 years
Improvement Expenditure	-	5 years

1. ACCOUNTING POLICIES *(continued)*

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items Costs include all direct expenditure

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company participates in a group money purchase pension scheme together with the other subsidiaries of Vanilla Group Limited Contributions payable for the year in respect of the company's employees are charged to the profit and loss account

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction All exchange differences are taken to the profit and loss account

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company and arise wholly within the United Kingdom

3. OPERATING PROFIT

Operating profit is stated after charging

	2006 £	2005 £
Depreciation of owned fixed assets	514,878	697,569
Depreciation of assets held under hire purchase agreements	193,731	175,899
Loss on disposal of fixed assets	5,727	59,273
Auditor's remuneration		
- as auditor	54,000	51,500
Operating lease costs		
- vehicles	302,800	102,056

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2006 No	2005 No
Selling and production	162	157
Administration	60	59
Management	20	10
Research	11	5
	253	231

The aggregate payroll costs of the above were

	2006 £	2005 £
Wages and salaries	9,604,867	9,024,186
Social security costs	1,091,142	1,025,899
Other pension costs	233,321	319,919
	10,929,330	10,370,004

5. DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Emoluments	1,387,037	1,449,793
Value of company pension contributions to money purchase schemes	27,752	38,128

Emoluments of highest paid director

	2006 £	2005 £
Total emoluments (excluding pension contributions)	373,185	278,146
Value of company pension contributions to money purchase schemes	7,053	6,481
	380,238	284,627

5. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

	2006	2005
	No	No
Money purchase schemes	9	4

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2006	2005
	£	£
Income from group undertakings	–	36,665

7. ADMINISTRATIVE EXPENSES

Certain administrative expenses, such as wages and salaries, are borne by the company and recharged to other group companies by way of a management recharge

8. AMOUNTS WRITTEN OFF INVESTMENTS

	2006	2005
	£	£
Amounts written off investments	–	36,665

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Interest payable on bank borrowing	1,603,303	1,196,678
Finance charges	15,534	28,796
	1,618,837	1,225,474

10. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006	2005
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	1,388	70,666
Total current tax	1,388	70,666
Deferred tax		
Origination and reversal of timing differences	(46,412)	(64,661)
Tax on loss on ordinary activities	(45,024)	6,005

10. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 £
Loss on ordinary activities before taxation	(760,704)	(67,297)
Profit on ordinary activities multiplied by rate of tax	(228,211)	(20,189)
Expenses not deductible for tax purposes	50,595	44,055
Timing differences on fixed assets	502	57,923
Rate of tax less than 30%	(804)	–
Group relief	79,471	–
Provisions against debts from group companies	145,079	–
Short term timing differences	(45,244)	63,723
Adjustments in respect of previous periods	–	(74,846)
Total current tax (note 10(a))	1,388	70,666

11. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Improvement expenditure £	Total £
Cost or valuation					
At 1 November 2005	2,294,796	2,669,801	1,142,445	221,794	6,328,836
Additions	–	157,968	629,627	57,806	845,401
Disposals	–	(1,447,883)	(393,247)	(89,444)	(1,930,574)
At 31 October 2006	2,294,796	1,379,886	1,378,825	190,156	5,243,663
Depreciation					
At 1 November 2005	381,016	1,847,516	424,908	165,186	2,818,626
Charge for the year	45,770	327,597	300,143	35,099	708,609
On disposals	–	(1,447,883)	(271,983)	(89,444)	(1,809,310)
At 31 October 2006	426,786	727,230	453,068	110,841	1,717,925
Net book value					
At 31 October 2006	1,868,010	652,656	925,757	79,315	3,525,738
At 31 October 2005	1,913,780	822,285	717,537	56,608	3,510,210

11. TANGIBLE FIXED ASSETS *(continued)*

In respect of freehold property stated at valuations, the comparable historical cost and depreciation values are as follows

	2006 £	2005 £
Net book value at end of year	1,868,010	1,913,780
Historical cost	1,664,428	1,664,428
Depreciation		
At 1 November 2005	215,708	182,421
Charge for year	33,289	33,289
At 31 October 2006	248,997	215,710
Net historical cost value		
At 31 October 2006	1,415,431	1,448,718
At 1 November 2005	1,448,720	1,482,007

Hire purchase agreements

Included within the net book value of £3,525,738 is £662,537 (2005 - £617,430) relating to assets held under hire purchase agreements The depreciation charged to the accounts in the year in respect of such assets amounted to £193,731 (2005 - £175,899)

12. INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 November 2005 and 31 October 2006	197,191
Amounts written off	
At 1 November 2005	187,191
Written off in year	10,000
At 31 October 2006	197,191
Net book value	
At 31 October 2006	-
At 31 October 2005	10,000

The company owned 100% of the issued share capital of Mistcroft Limited, a non-trading company that was dissolved on (or prior to) 31 October 2006

13. STOCKS

	2006 £	2005 £
Finished goods and goods for resale	3,720,309	3,521,194

NOTES TO THE ACCOUNTS
for the year ended 31 October 2006

14. DEBTORS

	2006	2005
	£	£
Trade debtors	2,144,547	1,476,680
Amounts owed by group undertakings	22,119,832	17,935,736
Other debtors	73,870	48,474
Prepayments and accrued income	1,214,531	642,783
Deferred taxation (note 15)	111,073	64,661
	25,663,853	20,168,334

15. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2006	2005
	£	£
Included in debtors (note 14)	111,073	64,661

The movement in the deferred taxation account during the year was

	2006	2005
	£	£
Balance brought forward	64,661	-
Profit and loss account movement arising during the year	46,412	64,661
Balance carried forward	111,073	64,661

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2006	2005
	£	£
Excess of taxation allowances over depreciation on fixed assets	91,656	-
Other timing differences	19,417	64,661
	111,073	64,661

16. CREDITORS amounts falling due within one year

	2006	2005
	£	£
Bank loans and overdrafts	293,336	956,835
Trade creditors	2,611,572	1,491,533
Amounts owed to group undertakings	24,966,816	19,955,830
Corporation tax	1,901	145,512
Other taxation and social security	512,468	323,967
Hire purchase agreements	320,837	304,420
Other creditors	297,854	408,670
Accruals and deferred income	1,197,271	992,389
	30,202,055	24,579,156

Other creditors include contributions payable of £64,725 (2005 215,537) arising from the company's participation in a group defined contribution pension scheme

17. CREDITORS amounts falling due after more than one year

	2006	2005
	£	£
Bank loans and overdrafts	1,667,475	879,110
Hire purchase agreements	103,562	133,260
	1,771,037	1,012,370
Accruals and deferred income	192,427	221,153
	1,963,464	1,233,523

The bank loans and overdraft, both under and over one year, are secured by a fixed and floating charge over the assets of the group and legal mortgage on the deeds relating to the company's freehold property at Ripponden

18. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Creditors include finance capital which is due for repayment as follows

	2006	2005
	£	£
Amounts repayable		
In one year or less or on demand	198,116	159,838
In more than one year but not more than two years	198,116	159,838
In more than two years but not more than five years	594,348	479,514
In more than five years	875,012	239,758
	1,865,592	1,038,948

The company's bank loan is due for repayment over the 8 years to May 2012 Interest is payable at 1 75% above the base rate

19. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2006	2005
	£	£
Amounts payable within 1 year	320,837	304,420
Amounts payable between 2 to 5 years	103,562	133,260
	424,399	437,680

20. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2006 the company had annual commitments under non-cancellable operating leases as set out below

	Assets Other Than Land & Buildings	
	2006	2005
	£	£
Operating leases which expire		
Within 1 year	86,684	37,809
Within 2 to 5 years	18,936	215,828
	105,620	253,637

21. CONTINGENCIES

The company makes use of bank facilities agreed on a group wide basis together with other companies under the control of Vanilla Group Limited, whereby each company guarantees the borrowings of the others Full details of the group's assets and liabilities are disclosed in the accounts of Vanilla Group Limited

22. RELATED PARTY TRANSACTIONS

J Laithwaite, S Laithwaite and G Wilkinson, directors of the company, are also directors of Laundry FM Partners Limited As these directors are common to both parties they are considered to be related parties under FRS8

Laundry FM Partners Limited have entered into an agreement with JLA Limited whereby JLA Limited provide maintenance and servicing on their laundry equipment Included in the profit and loss account for the period is income of £486,461 (2005 £395,244) in relation to this agreement

23. SHARE CAPITAL

Authorised share capital

	2006	2005
	£	£
150,000 Ordinary shares of £1 each	150,000	150,000

Allotted, called up and fully paid

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	150,000	150,000	150,000	150,000

24. REVALUATION RESERVE

	2006	2005
	£	£
Balance brought forward	465,061	478,376
Transfer to the Profit and Loss Account on realisation	(12,481)	(13,315)
Balance carried forward	452,580	465,061

25. PROFIT AND LOSS ACCOUNT

	2006	2005
	£	£
Balance brought forward	859,750	919,737
Loss for the financial year	(715,680)	(73,302)
Transfer from revaluation reserve	12,481	13,315
Balance carried forward	156,551	859,750

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Loss for the financial year	(715,680)	(73,302)
Opening shareholders' funds	1,474,811	1,548,113
Closing shareholders' funds	759,131	1,474,811

27. ULTIMATE PARENT COMPANY

The company's immediate and ultimate holding company is Vanilla Group Limited, which is incorporated in Great Britain and registered in England and Wales Copies of the group accounts of Vanilla Group Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ