

PRIME CLEAN LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST OCTOBER 1997

Company No. 2737677



PRIME CLEAN LIMITED

COMPANY INFORMATION

Directors	Mr Timothy Stanton Louis Mr Anthony William Emanuel Ellison
Secretary	Mr Timothy Stanton Louis
Company Number	2737677
Registered Office	18 Holywell Row London EC2A 4JB
Auditors	Sayers Butterworth 18 Bentinck Street London W1M 5RL
Solicitors	Camillins 21 Ely Place London EC1N 6TD
Bankers	Lloyds Bank plc Elephant and Castle Shopping Centre London SE1 6TF

PRIME CLEAN LIMITED

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PRIME CLEAN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 1997

The directors present their report together with the audited accounts for the year ended 31st October 1997.

Principal Activities and Review of Business

The company's principal activities continued to be that of office and general cleaning contractors.

Results and Dividends

The results for the year are set out in the profit and loss account on page 4.

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory.

The directors consider the state of the company's affairs to be satisfactory.

An interim dividend of £30,000 (1996: £7,142) was paid in the year. The directors do not recommend the payment of a final dividend (1996: £Nil).

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	31st October 1997	1st November 1996
Mr Timothy Stanton Louis	2,900	2,900
Mr Anthony William Emanuel Ellison	2,100	2,100

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 the company's affairs and of the profit or loss for that year. In preparing these accounts 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 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 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.

PRIME CLEAN LIMITED

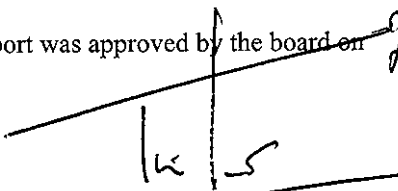
DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 1997

Auditors

A resolution to reappoint Sayers Butterworth as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on ~~26~~^{26^K} May 1998, and signed on its behalf.

A handwritten signature in black ink, appearing to read 'T. Stanton Lewis', is written over a horizontal line. The signature is somewhat stylized and partially obscured by a vertical line.

Mr Timothy Stanton Lewis, Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF PRIME CLEAN LIMITED

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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, on those accounts and 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 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Sayers Butterworth
Chartered Accountants
and Registered Auditors
18 Bentinck Street
London
W1M 5RL
Date: 29th May 1998

PRIME CLEAN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST OCTOBER 1997

	Notes	1997 £	1996 £
Turnover	1	1,388,476	698,278
Cost of Sales		945,517	523,015
Gross Profit		442,959	175,263
Administrative Expenses		335,471	164,963
Operating Profit	2	107,488	10,300
Interest Receivable		282	54
Interest Payable and Similar Charges	3	(2,391)	(1,392)
Profit on Ordinary Activities before Taxation		105,379	8,962
Tax on profit on ordinary activities	5	(24,778)	(5,384)
Profit for the Financial Year		80,601	3,578
Dividends	6	30,000	7,142
Retained Profit/Loss for the Year		50,601	(3,564)
Retained Profit Brought Forward		19,831	23,395
Retained Profit Carried Forward		70,432	19,831

All amounts relate to continuing activities.

There were no recognised gains or losses for 1997 or 1996 other than those included in the profit and loss account.

PRIME CLEAN LIMITED

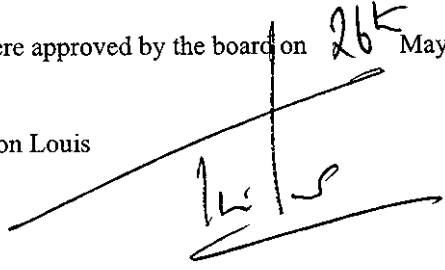
BALANCE SHEET

AS AT 31ST OCTOBER 1997

	Notes	1997		1996	
		£	£	£	£
Fixed Assets					
Tangible assets	7		94,886		58,145
Current Assets					
Stocks	8	4,000		4,000	
Debtors	9	193,189		85,450	
Cash at bank and in hand		24,464		-	
		<u>221,653</u>		<u>89,450</u>	
Creditors: Amounts Falling Due Within One Year	10	<u>223,836</u>		<u>111,433</u>	
Net Current Liabilities			<u>(2,183)</u>		<u>(21,983)</u>
Total Assets Less Current Liabilities			<u>92,703</u>		<u>36,162</u>
Creditors: Amounts Falling Due After More Than One Year	11		<u>17,271</u>		<u>11,331</u>
			<u>75,432</u>		<u>24,831</u>
Capital and Reserves					
Share Capital - Equity	13		5,000		5,000
Profit and loss account			70,432		19,831
Shareholders' Funds	14		<u>75,432</u>		<u>24,831</u>

These accounts were approved by the board on 26th May 1998 and signed on its behalf.

Mr Timothy Stanton Louis
Director



PRIME CLEAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1997

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for services provided, excluding VAT and trade discounts, all of which relates to the company's principal activities carried out wholly in the U.K.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments using the straight line method over their expected useful lives. The rates and periods generally applicable are:

Leasehold improvements	10% on cost
Plant and machinery	20% on cost
Motor vehicles	25% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax where material is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

PRIME CLEAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1997

2 Operating Profit

The operating profit is arrived at after charging or crediting:

	1997	1996
	£	£
Depreciation of owned assets	15,810	9,829
Depreciation of assets held under finance leases and hire purchase contracts	18,032	11,776
Hire of equipment - operating leases	919	2,520
Auditors' remuneration	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

3 Interest Payable and Similar Charges

	1997	1996
	£	£
Bank overdrafts and loans	464	268
Finance leases and hire purchase contracts	1,927	1,124
	<u>2,391</u>	<u>1,392</u>

4 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	1997	1996
	£	£
Wages and salaries	849,095	449,007
Social security costs	40,052	17,973
Other pension costs	20,135	3,493
	<u>909,282</u>	<u>470,473</u>

Directors' emoluments

	1997	1996
	£	£
Emoluments	74,994	34,468
Directors' pension contributions under defined contribution schemes	16,941	2,232
	<u>91,935</u>	<u>36,700</u>

5 Taxation

	1997	1996
	£	£
Based on the profit for the year		
UK corporation tax at 24% (1996 24.42%)	25,000	5,384
	<u>25,000</u>	<u>5,384</u>
Prior periods		
UK corporation tax	(222)	-
	<u>24,778</u>	<u>5,384</u>

PRIME CLEAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1997

6	Dividends	1997	1996
		£	£
	Ordinary dividends - paid	<u>30,000</u>	<u>7,142</u>

7	Tangible Fixed Assets			
		Leasehold Improve- ments	Plant and Machinery	Motor Vehicles
		£	£	£
	Cost			£
	At 1st November 1996	15,071	34,492	34,695
	Additions	-	33,174	39,089
	Disposals	-	(1,867)	(3,200)
	At 31st October 1997	<u>15,071</u>	<u>65,799</u>	<u>70,584</u>
	Depreciation			
	At 1st November 1996	3,015	12,333	10,765
	Charge for the year	1,507	14,689	17,646
	Disposals	-	(1,120)	(2,267)
	At 31st October 1997	<u>4,522</u>	<u>25,902</u>	<u>26,144</u>
	Net Book Value			
	At 31st October 1997	<u>10,549</u>	<u>39,897</u>	<u>44,440</u>
	At 31st October 1996	<u>12,056</u>	<u>22,159</u>	<u>23,930</u>

The net book value of tangible assets of £94,886 includes an amount of £28,741(1996: £21,747) in respect of assets held under finance leases and hire purchase contracts. The charge to depreciation amounted to £18,032(1996: £11,776).

8	Stocks	1997	1996
		£	£
	Contract Materials	<u>4,000</u>	<u>4,000</u>

9	Debtors	1997	1996
		£	£
	Trade debtors	125,478	81,455
	Prepayments and accrued income	67,711	3,995
		<u>193,189</u>	<u>85,450</u>

PRIME CLEAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1997

10	Creditors: Amounts Falling Due Within One Year	1997 £	1996 £
	Bank loans and overdrafts	-	7,160
	Obligations under hire purchase and finance lease contracts (Note 12)	19,086	7,998
	Trade creditors	24,042	26,813
	Corporation tax	17,500	4,214
	Other taxes and social security	59,709	33,415
	Other creditors	20,113	21,206
	Accruals and deferred income	83,386	10,627
		<u>223,836</u>	<u>111,433</u>
11	Creditors: Amounts Falling Due After One Year	1997 £	1996 £
	Obligations under hire purchase and finance lease contracts (Note 12)	17,271	11,331
		<u>17,271</u>	<u>11,331</u>
12	Obligations Under Hire Purchase and Finance Leases	1997 £	1996 £
	Obligations under finance leases and hire purchase contracts are analysed:		
	Current obligations	19,086	7,998
	Obligations due between two and five years	17,271	11,331
		<u>36,357</u>	<u>19,329</u>
	Obligations under hire purchase and finance lease contracts are secured by way of charges over the respective tangible fixed assets and are subject to the terms of the relevant agreements.		
13	Share Capital	1997 £	1996 £
	Authorised Equity Shares		
	5,000 Ordinary shares of £1.00 each	<u>5,000</u>	<u>5,000</u>
	Allotted Equity Shares		
	5,000 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>5,000</u>	<u>5,000</u>

PRIME CLEAN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1997

14 Reconciliation of Shareholders' Funds	1997	1996
	£	£
Profit for the financial year	80,601	3,578
Dividends	(30,000)	(7,142)
Increase/Decrease in the shareholders' funds	<u>50,601</u>	<u>(3,564)</u>
Opening shareholders' funds	24,831	28,395
Closing shareholders' funds	<u><u>75,432</u></u>	<u><u>24,831</u></u>

15 Post Balance Sheet Events

After the year end the company, together with London Independent Holdings and group undertakings and certain associated companies, entered into an omnibus guarantee and set-off agreement with Lloyds Bank plc in respect of the aggregate bank borrowing facilities.

16 Related Parties

Control

The company was controlled throughout the current and previous year by Timothy Stanton Louis, by virtue of his 58% holding in the ordinary shares of the company.