

Company Registration No: 2130421



SPECTRUM FRANCHISING LIMITED

ABBREVIATED ACCOUNTS

31ST DECEMBER 2000



AUDITORS' REPORT TO SPECTRUM FRANCHISING LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 6, together with the full statutory accounts of the company for the year ended 31st December 2000 prepared under section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 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 sections 246(5) and (6) 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 OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, 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 full statutory accounts.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 6 are properly prepared in accordance with those provisions.



Bentley Jennison
Registered Auditors
and Chartered Accountants
15-20 St Paul's Square
Birmingham
West Midlands B3 1QT

21st September 2001

SPECTRUM FRANCHISING LIMITED

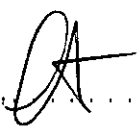
ABBREVIATED BALANCE SHEET

31ST DECEMBER 2000

	Note	2000	1999
<u>FIXED ASSETS</u>			
Intangible Assets	2	-	-
Tangible Assets	3	211,867	121,212
		-----	-----
		211,867	121,212
		-----	-----
<u>CURRENT ASSETS</u>			
Stocks		74,267	67,342
Debtors	4	990,407	544,248
Loan to Spectrum Holdings Ltd		-	100,000
Cash at Bank and in Hand		1,113,149	737,806
		-----	-----
		2,177,823	1,449,396
<u>CREDITORS: amounts due</u>			
within one year	5	(1,179,812)	(727,662)
		-----	-----
<u>NET CURRENT ASSETS</u>		998,011	721,734
		-----	-----
<u>TOTAL ASSETS LESS CURRENT</u>			
<u>LIABILITIES</u>		1,209,878	842,946
<u>CREDITORS: amounts due after</u>			
more than one year	6	(82,094)	(6,238)
<u>PROVISIONS</u> Deferred Taxation	7	(16,050)	-
		-----	-----
<u>NET ASSETS</u>		1,127,734	836,708
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	8	850,000	850,000
Profit and Loss Account		261,734	(13,292)
		-----	-----
<u>SHAREHOLDERS' FUNDS</u>		1,111,734	836,708
		=====	=====

The abbreviated accounts have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Approved by the Board of Directors on 11th September 2001
and signed on its behalf by:

 M. Lusty
Director

The notes on pages 3 to 6 form part of these financial statements.

SPECTRUM FRANCHISING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

31ST DECEMBER 2000

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements and there have been no material changes in the year.

Accounting Convention: The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover: Turnover represents amounts invoiced to customers for dyeing and cleaning services excluding Value Added Tax. Throughout the year turnover was entirely within the United Kingdom.

Intangible Assets: Intangible assets are capitalised and amortised on a straight-line basis over their estimated economic useful life. The carrying value of such assets are regularly reviewed by management and where applicable the value is amended to reflect their economic value to the business.

Tangible Assets: Motor Vehicles and equipment leased under finance leases are stated at the capital value at the date of acquisition and are included in fixed assets. This is because such leases transfer most of the risks and rewards of ownership to the lessee and accordingly, in substance, are similar to the outright purchase of an asset.

Tangible assets are included in the financial statements at cost less depreciation charged at the following rates appropriate to their estimated useful economic lives and residual values. Depreciation is charged from the date of acquisition.

Leasehold Improvements - 33.3% per annum on cost
Motor Vehicles - 33.3% per annum on net book values
Equipment - 33.3% per annum on net book values

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

Foreign Currencies: Assets and liabilities denominated in foreign currencies are translated at closing rates of exchange or forward contract rates where applicable. Differences arising on translation are accounted for through the profit and loss account.

SPECTRUM FRANCHISING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - (continued)

31ST DECEMBER 2000

1. ACCOUNTING POLICIES - cont

Deferred Taxation: Deferred taxation is provided only to the extent that it is probable that the liability or asset will crystallise in the foreseeable future and is calculated at the rate at which it is estimated that the tax will be paid when timing differences reverse.

Pension Costs: The company operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. <u>INTANGIBLE ASSETS</u>	<u>2000</u>	<u>1999</u>
COST OR VALUATION		
At 1 January 2000	400,000	400,000
Addition/Disposal	-	-
	-----	-----
At 31 December 2000	400,000	400,000
	-----	-----
AMORTISATION		
At 1 January 2000	400,000	298,000
Provision	-	102,000
	-----	-----
At 31 December 2000	400,000	400,000
	-----	-----
NET BOOK AMOUNT AT		
31 December 2000	-	-
	=====	=====

This represented the cost of know-how and the United Kingdom master franchise acquired from Rainbow International Carpet Dyeing and Cleaning company in 1989.

SPECTRUM FRANCHISING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - (continued)

31ST DECEMBER 2000

3. TANGIBLE ASSETS

	Total
COST	
At 1 January 2000	281,222
Additions	169,332
Disposals	(62,000)

At 31 December 2000	388,554

DEPRECIATION	
At 1 January 2000	160,010
Disposal	(37,775)
Provision for the Year	54,452

At 31 December 2000	176,687

NET BOOK AMOUNT AT	
31 December 2000	211,867
	=====
NET BOOK AMOUNT AT	
31 December 1999	121,212
	=====

Included in the total net book value of tangible fixed assets held at 31st December 2000 was £67,465 (1999 - £23,875) in respect of assets under finance lease contracts.

4. DEBTORS

	<u>2000</u>	<u>1999</u>
Trade Debtors	975,146	539,939
Other Debtors		
and Short term Loans	6,799	2,224
Prepayments	8,462	2,985
Due from Associated Company	-	-
	-----	-----
	990,407	544,248
	=====	=====

Trade debts totalling £47,611 (1999 - £95,806) are not due for payment until after 1st January 2002.

SPECTRUM FRANCHISING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - (continued)

31ST DECEMBER 2000

5.	<u>CREDITORS</u> - due within one year	<u>2000</u>	<u>1999</u>
	Finance leases	32,237	16,227
	Other Unsecured Creditors	1,147,575	711,435
		-----	-----
		1,179,812	727,662
		=====	=====
6.	<u>CREDITORS</u> - due after one year		
	Finance leases	32,094	6,238
	Other Unsecured Creditors	50,000	-
		-----	-----
		82,094	6,238
		=====	=====
7.	<u>DEFERRED TAXATION</u>		
	Provision for the year:-		
	Capital allowances in		
	advance of depreciation	16,050	-
		-----	-----
	Provision as at 31 st Dec 2000	16,050	-
		=====	=====
8.	<u>CALLED UP SHARE CAPITAL</u>		
	Ordinary Shares of £1 each		
	Authorised	1,000,000	1,000,000
		=====	=====
	Issued and fully paid	850,000	850,000
		=====	=====
9.	<u>ULTIMATE PARENT UNDERTAKING</u>		
	The company is a wholly owned subsidiary of Spectrum Holdings Limited a company incorporated in England.		
10.	<u>RELATED PARTY TRANSACTIONS</u>		
	Mr M Lusty is the majority shareholder in Spectrum Holdings Limited, and that company holds all the shares in Spectrum Franchising Limited. Mr. M. Lusty owns the property used by the company. Rent payable to Mr. Lusty during the year totalled £30,000 (1999 £30,000).		
	The company made payments totalling £26,410 (1999 - £20,175) to C.P. Roche in return for accounting services provided during the year.		