Company Registration No. 843621

Deloitte
& Touche

REGISTRAR
OF
COMPANIES

AMALGAMATED CLEANING SERVICES LIMITED

(formerly Amalgamated Cleaning Services Group Limited)

Report and Financial Statements

31 March 2000

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COMPANIES HOUSE 08/09/00

Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff
CF24 0TS

AMALGAMATED CLEANING SERVICES LIMITED
(formerly Amalgamated Cleaning Services Group Limited)

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Munn
R Levesque

SECRETARY

R Levesque

REGISTERED OFFICE

Unit 3
Stangate House
Stanwell Road
Penarth
Cardiff
CF64 2AA

BANKERS

Bank of Wales PLC

SOLICITORS

Edwards Geldard

AUDITORS

Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff
CF24 0TS

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

ACTIVITIES

The principal activity of the company is to provide management services to its subsidiary company.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are satisfied with the result in the year and are confident that the company will improve its profitability in the coming year.

DIVIDENDS

The directors do not recommend the payment of a dividend (1999 – £nil).

DIRECTORS

The directors of the company are set out on page 1. All directors served throughout the year.

The directors' interests of the ultimate parent company, Lojics Services Group Limited, are shown in the directors' report of that company.

EMPLOYEES

The company continues to pursue a policy of meeting with representatives of various groups of employees at which relevant information and developments are discussed.

Full and fair consideration is given to applications for employment from disabled persons and to continuing the employment of those who become disabled while employed. The policy is to give equal opportunity for training, career development and promotion.

PAYMENTS TO SUPPLIERS

The company agrees payment terms with its suppliers when it enters into binding purchase contracts. The company seeks to abide by the payment terms agreed with its suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not have a standard but the average credit period is 90 days (1999 - 90 days).

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business, however the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not anticipated to be significant.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

R Levesque
Secretary

Date ...19.00.....

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 as at the end of the financial year and of the profit or loss of the company 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;
- prepare the financial statements 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 financial statements comply with the Companies Act. 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.

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Deloitte & Touche

AUDITORS' REPORT TO THE MEMBERS OF

AMALGAMATED CLEANING SERVICES LIMITED
(formerly Amalgamated Cleaning Services Group Limited)

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

15 September 2000.

Deloitte Touche Tohmatsu

Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Deloitte & Touche

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000

	Note	2000 £	1999 £
TURNOVER: continuing operations	2	508,509	555,970
Administrative expenses		(1,158,509)	(929,763)
OPERATING LOSS: continuing operations	4	(650,000)	(373,793)
Interest payable	5	(14,638)	(954)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(664,638)	(374,747)
Tax on loss on ordinary activities	6	-	(34,164)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		(664,638)	(408,911)
Retained (loss)/profit brought forward		(363,592)	45,319
Retained loss carried forward		(1,028,230)	(363,592)

There are no recognised gains or losses for the current and prior financial year other than as stated above.

Deloitte & Touche

BALANCE SHEET
31 March 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	286,364	136,464
Investments	8	10,000	10,000
		296,364	146,464
CURRENT ASSETS			
Cash at bank and in hand		1,018,123	-
Debtors	9	159,545	6,988,779
		1,177,668	6,988,779
CREDITORS: amounts falling due within one year	10	(1,348,716)	(6,409,411)
NET CURRENT (LIABILITIES)/ASSETS		(171,048)	579,368
TOTAL ASSETS LESS CURRENT LIABILITIES		125,316	725,832
CREDITORS: amounts falling due after more than one year	11	(64,122)	-
		61,194	725,832
CAPITAL AND RESERVES			
Called up share capital	13	1,089,424	1,089,424
Profit and loss account		(1,028,230)	(363,592)
TOTAL EQUITY SHAREHOLDERS' FUNDS		61,194	725,832

These financial statements were approved by the Board of Directors on 1.9.00

Signed on behalf of the Board of Directors

J C Munn
Director

R Levesque
Director

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and equipment	10 years
Motor vehicles	4 years
Specialist plant	3 years and under

Investments

Investments held as fixed assets are stated at cost less provision for any impairment. Those held as current assets are stated at the lower of cost and net realisable value.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard No. 1 (revised) as it is a wholly owned subsidiary undertaking and the parent undertaking publishes consolidated financial statements which include a consolidated cash flow statement.

Related party transactions

As in excess of 90% of the company's voting rights are controlled by the Lojics Services Group Limited, the company is not required to disclose transactions with other group undertakings.

The company has not transacted with any other related parties during the year.

Pension costs

The group operates a defined contribution scheme. Contributions payable for the year are charged to the profit and loss account.

2. TURNOVER

Turnover is based on the amount receivable for goods and services provided during the year in the UK, within the company's ordinary activities, stated net of value added tax.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000	1999
	£	£
Directors' emoluments		
Emoluments	136,500	148,070
Pension contributions	11,551	13,585
	148,051	161,655

	2000	1999
	No	No
Average number of persons employed		
Directors	2	2
Other	6	6
	8	8

	£	£
Staff costs during the year (including directors)		
Wages and salaries	241,720	226,559
Social security costs	24,084	20,528
Other pension costs	14,865	13,585
	280,669	260,672

4. OPERATING LOSS

	2000	1999
	£	£
Operating profit is after charging:		
Depreciation and amortisation		
Owned assets	68,240	51,166
Loss on sale of fixed assets	6,535	-
Auditors' remuneration		
Audit fees	2,500	2,500

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Finance leases and hire purchase contracts	14,638	954
	14,638	954

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000 £	1999 £
Corporation tax adjustment in respect of prior years	-	34,164
	-	34,164

There is no tax charge due to the losses incurred in the year.

7. TANGIBLE FIXED ASSETS

	Equipment and vehicles £
Cost	
At 1 April 1999	273,715
Additions	234,032
Disposals	(23,078)
At 31 March 2000	484,669
Accumulated depreciation	
At 1 April 1999	137,251
Charge for year	68,240
Disposals	(7,186)
At 31 March 2000	198,305
Net book value	
At 31 March 2000	286,364
At 31 March 1999	136,464

The net book value of tangible fixed assets includes an amount of £104,160 (1999 - £Nil) in respect of assets held under finance leases and hire purchase agreements.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

8. INVESTMENTS

	Shares in Company's Subsidiaries £
Cost or valuation	
At 1 April 1999 and at 31 March 2000	235,865
Amounts written off	
At 1 April 1999 and at 31 March 2000	225,865
Net book value	
At 31 March 2000	10,000
At 1 April 1999	10,000

9. DEBTORS

	2000 £	1999 £
Amounts owed by parent company	143,209	155,404
Amounts owed by subsidiary undertaking	16,336	6,833,375
	159,545	6,988,779

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdrafts	-	5,565,623
Finance leases and hire purchase obligations (note 12)	37,562	-
Amounts owed to group undertakings	865,000	390,000
Other creditors including taxation and social security	440,445	453,788
Accruals and deferred income	5,709	-
	1,348,716	6,409,411

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	2000 £
Finance leases and hire purchase obligations	64,122	-

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

12. BORROWINGS

Analysis of finance leases and hire purchase contracts repayments net of future finance charges:

	2000 £	2000 £
Within one year or on demand	37,562	-
Between one and two years	20,064	-
Between two and five years	44,058	-
	101,684	-

The hire purchase contracts are secured upon the related assets.

13. CALLED UP SHARE CAPITAL

	2000 No	2000 £	1999 No	1999 £
Authorised, allotted, called up and fully paid				
Ordinary shares of 5p each	21,788,480	1,089,424	21,788,480	1,089,424

14. STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	2000 £
Loss for the financial year	(664,638)	(408,911)
Shares issued	-	339,274
	(664,638)	(69,637)
Opening shareholders' funds	725,832	795,469
Closing shareholders' funds	61,194	725,832

15. ULTIMATE PARENT COMPANY

The directors regard Lojics Services Group Limited as the ultimate parent company. Copies of the parent's consolidated financial statements may be obtained from Companies House, Cardiff.

16. ADDITIONAL INFORMATION ON SUBSIDIARY

Subsidiary Undertakings	Country of incorporation, registration and operations	Activity	Portion of ordinary shares held
Lojics Services Limited (formerly Amalgamated Cleaning Services Limited)	Wales	Cleaning services	100%