

**REGISTRAR
OF COMPANIES**

AMALGAMATED CLEANING SERVICES LIMITED

Report and Financial Statements

31 March 2002

**Deloitte & Touche
Cardiff**



REPORT AND FINANCIAL STATEMENTS 2002

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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
Dumfries House
Dumfries Place
Cardiff
CF1 4YF

AUDITORS

Deloitte & Touche
Chartered Accountants
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

ACTIVITIES

The principal activity of the company is to provide industrial cleaning services.

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 (2001 – £nil).

DIRECTORS

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

The directors' interests of the ultimate parent company, Logics 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.

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



23/5/2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AMALGAMATED CLEANING SERVICES LIMITED**

We have audited the financial statements of Amalgamated Cleaning Services Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

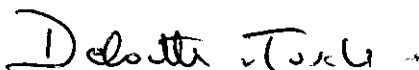
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's dependency upon the support by the company's bankers and shareholders. In view of the significance of this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Cardiff

Date 28 May 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2002

	Note	2002 £	2001 £
TURNOVER: continuing operations	2	16,973,340	17,342,787
Cost of sales		(14,483,435)	(14,566,774)
Gross profit		2,489,905	2,776,013
Administrative expenses		(3,102,591)	(3,155,957)
OPERATING LOSS: continuing operations	4	(612,686)	(379,944)
Investment income		2,785,734	-
Interest payable and similar charges	5	(7,062)	(12,549)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,165,986	(392,493)
Tax on profit/(loss) on ordinary activities	6	(44,732)	31,515
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		2,121,254	(360,978)
Retained loss brought forward		(1,389,208)	(1,028,230)
Retained profit/(loss) carried forward		732,046	(1,389,208)

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

AMALGAMATED CLEANING SERVICES LIMITED

BALANCE SHEET 31 March 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	653,438	563,742
Investments	8	-	-
		<u>653,438</u>	<u>563,742</u>
CURRENT ASSETS			
Debtors	9	5,791,713	4,807,393
Stocks		38,438	34,500
		<u>5,830,151</u>	<u>4,841,893</u>
CREDITORS: amounts falling due within one year	10	<u>(4,558,573)</u>	<u>(5,705,419)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,271,578</u>	<u>(863,526)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,925,016</u>	<u>(299,784)</u>
CREDITORS: amounts falling due after more than one year	11	<u>(103,546)</u>	<u>-</u>
		<u>1,821,470</u>	<u>(299,784)</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,089,424	1,089,424
Profit and loss account		732,046	(1,389,208)
TOTAL EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)		<u>1,821,470</u>	<u>(299,784)</u>

These financial statements were approved by the Board of Directors on 23 May 2003

Signed on behalf of the Board of Directors



R Levesque

Director

NOTES TO THE ACCOUNTS
Year ended 31 March 2002**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
Short term leasehold property	Over the period of the lease

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.

Stocks

Stocks consist of consumables and 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 pension scheme. Contributions payable for the year are charged to the profit and loss account.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Going concern

The company meets its day-to-day working capital requirements through overdraft and loan facilities which are repayable on demand and renewable on an annual basis. The facilities are regularly reviewed by its bankers. The directors are of the opinion that, at the time of approval of the financial statements, the company will be able to operate within the facility currently agreed and that the facilities are expected to remain in place for the foreseeable future.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

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.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Directors' emoluments		
Emoluments	166,100	155,079
Pension contributions	14,308	14,308
	<u>180,408</u>	<u>169,387</u>
	No.	No.
Average number of persons employed		
Directors	2	2
Other	6	6
Production	918	1,054
	<u>926</u>	<u>1,062</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	9,918,111	11,106,483
Social security costs	772,268	841,434
Other pension costs	20,753	26,893
	<u>10,711,132</u>	<u>11,974,810</u>

Both directors (2001 – 2) are members of the company's pension scheme.

4. OPERATING LOSS

	2002 £	2001 £
Operating loss is after charging		
Depreciation and amortisation		
Owned assets	207,439	217,013
Leased assets	24,193	-
Loss on sale of fixed assets	2,276	-
Rentals under operating leases		
Hire of plant and machinery	34,958	38,870
Other operating leases	1,634,973	1,371,320
Exceptional item		
Employee redundancy costs	-	218,226
Auditors' remuneration		
Audit fees	<u>6,500</u>	<u>6,500</u>

NOTES TO THE ACCOUNTS**Year ended 31 March 2002****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2002 £	2001 £
Finance leases and hire purchase contracts	7,062	12,549

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2002 £	2001 £
United Kingdom corporation tax at 30% (2001 – 30%)	-	-
Deferred taxation	44,732	(44,732)
Adjustment in respect of prior years	-	13,217
	<u>44,732</u>	<u>(31,515)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	£	£
Profit/(loss) on ordinary activities before tax	<u>2,165,986</u>	<u>(392,493)</u>
Tax on profit/(loss) on ordinary activities before tax at 30%	(649,796)	117,748
Factors affecting charge for the year		
Expenses not deductible for tax purposes	(11,912)	(8,711)
Capital allowances for the year in excess of depreciation	3,469	(6,123)
Utilisation of tax losses	(174,863)	(39,368)
Movement in short term timing differences	(2,618)	-
UK dividend income	835,720	-
Group relief	-	(63,546)
Current tax charge for the year	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

7. TANGIBLE FIXED ASSETS

	Short-term leasehold land and buildings £	Equipment and vehicles £	Total £
Cost			
At 1 April 2001	112,987	2,198,874	2,311,861
Additions	1,660	339,654	341,314
Disposals	-	(949,802)	(949,802)
At 31 March 2002	114,647	1,588,726	1,703,373
Accumulated depreciation			
At 1 April 2001	20,174	1,727,945	1,748,119
Charge for year	8,588	223,044	231,632
Disposals	-	(929,816)	(929,816)
At 31 March 2002	28,762	1,021,173	1,049,935
Net book value			
At 31 March 2002	85,885	567,553	653,438
At 31 March 2001	92,813	470,929	563,742

The net book value of tangible fixed assets includes an amount of £186,801 (2001 - £101,160) in respect of assets held under finance leases and hire purchase agreements.

8. INVESTMENTS

	Shares in subsidiary company £
Cost	
At 1 April 2001 and at 31 March 2002	10,000
Amounts written off	
At 1 April 2001	(10,000)
Charge for year	-
At 31 March 2002	(10,000)
Net book value	
At 31 March 2002	-
At 31 March 2001	-

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

9. DEBTORS

	2002	2001
	£	£
Trade debtors	3,591,981	3,059,952
Other debtors	310,126	288,147
Deferred tax	-	44,732
Amounts owed by parent company	902,007	842,435
Amounts owed by fellow subsidiary	987,599	572,127
	<u>5,791,713</u>	<u>4,807,393</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade creditors	604,339	454,413
Bank overdrafts	1,362,351	430,812
Finance leases and hire purchase obligations (note 12)	52,358	53,499
Amounts owed to parent company	1,000,000	-
Amounts owed to group undertakings	86,337	4,006,347
Other creditors including taxation and social security	810,232	711,722
Accruals and deferred income	642,956	48,626
	<u>4,558,573</u>	<u>5,705,419</u>

The bank overdrafts are secured by a fixed and floating charge on the assets of the company together with a fixed charge over book debts.

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

	2002	2001
	£	£
Finance leases and hire purchase obligations	<u>103,546</u>	<u>-</u>

12. BORROWINGS

Analysis of finance lease and hire purchase contract repayments net of future finance charges:

	2002	2001
	£	£
Within one year or on demand	52,358	53,499
Between one and two years	57,300	-
Between two and five years	46,246	-
	<u>155,904</u>	<u>53,499</u>

The hire purchase contracts are secured upon the related assets.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

13. CALLED UP SHARE CAPITAL

	2002 No.	2002 £	2001 No.	2001 £
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 MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	2002 £	2001 £
Profit/(loss) for the financial year	2,165,986	(360,978)
Opening shareholders' (deficit)/funds	2,165,986 (299,784)	(360,978) 61,194
Closing shareholders' funds/(deficit)	1,866,202	(299,784)

15. ULTIMATE CONTROLLING PARTY

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

16. ADDITIONAL INFORMATION ON SUBSIDIARY

Subsidiary undertaking	Country of incorporation, registration and operations	Activity	Portion of ordinary shares held
Lojics Services Limited	Wales	Dormant	100%

17. OPERATING LEASE COMMITMENTS

At 31 March 2002, the group was committed to making the following payments in the next year in respect of operating leases:

	Land and buildings £	Other £
Leases which expire		
Within one year	-	27,799
Between two and five years	-	2,805,893
After five years	44,700	-
	44,700	2,833,692

18. DEFERRED TAX ASSET

A deferred tax asset of £nil has been recognised at 31 March 2002 (2001 - £44,732). In 2001, this asset, which related to trading losses incurred in the year and depreciation in excess of capital allowances was recognised in the financial statements following the awarding of a new contract.