

SOLO SERVICE GROUP LIMITED
DIRECTORS' REPORT AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

7
Company No. 2626709



WILLIS JONES
CHARTERED ACCOUNTANTS
SWANSEA

SOLO SERVICE GROUP LIMITED

COMPANY INFORMATION

Directors

S.L. Hammett
A.C. Hammett
Miss J. Rees

Secretary

C.T. Hammett

Company number

2626709

Registered office

Hawthorn House
Tawe Business Village
Swansea Enterprise Park
Swansea
SA7 9LA

Auditors

Willis Jones
64 Walter Road
Swansea
SA1 4PT

Bankers

Lloyds TSB Bank Plc.
Gorseinon Branch
113 High Street
Gorseinon
Swansea
SA4 4BR

SOLO SERVICE GROUP LIMITED

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SOLO SERVICE GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST JULY 2000

The directors present their report and the audited financial statements for the company for the year ended 31st July 2000.

Principal activities and review of business

The company's principal activities during the year are that of Industrial Cleaning and the provision of Security Services.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

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

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st July 2000	At 1st August 1999
S.L. Hammett	Ordinary	2370	2370
A.C. Hammett	Ordinary	264	264
Miss J. Rees		—	—

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 and of the profit or loss for that year. 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;

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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SOLO SERVICE GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST JULY 2000

Auditors

A resolution to re-appoint Willis Jones Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

By order of the Board



C.T. Hammett, Secretary

Date: *24.9.2000*

Hawthorn House
Tawe Business Village
Swansea Enterprise Park
Swansea
SA7 9LA

AUDITORS' REPORT TO SOLO SERVICE GROUP LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 5 to 17 together with the financial statements of Solo Service Group Limited for the year ended 31st July 2000 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements 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 financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

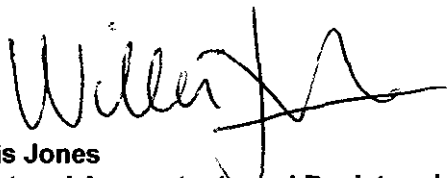
Basis of opinion

We have carried out procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements have been 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 financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 17 are properly prepared in accordance with that provision.

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 9.



Willis Jones
Chartered Accountants and Registered Auditors
64 Walter Road
Swansea
SA1 4PT

Date: 25th September 2000

**AUDITORS' REPORT TO THE DIRECTORS OF
SOLO SERVICE GROUP LIMITED PURSUANT TO SECTION 248(3)
OF THE COMPANIES ACT 1985**

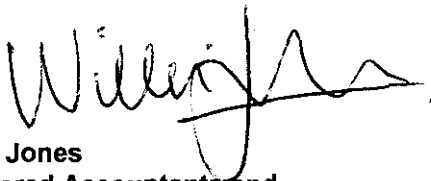
We have examined the financial statements of the company and each of its subsidiaries for the year ended 31st July 2000.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.



Willis Jones
Chartered Accountants and
Registered Auditors
64 Walter Road
Swansea
SA1 4PT

Date: 25th September 2000

SOLO SERVICE GROUP LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2000

	Notes	2000 £	1999 £
Gross profit		1,199,905	957,949
Administrative expenses		(999,241)	(788,287)
Operating profit	3	200,664	169,662
Consultancy costs	6	(22,440)	-
Redundancy expenses	6	(77,000)	-
		101,224	169,662
Interest payable and similar charges	4	(32,818)	(46,815)
Profit on ordinary activities before taxation		68,406	122,847
Tax on profit on ordinary activities	7	(20,004)	(42,449)
Profit for the financial year	19	48,402	80,398

All amounts relate to continuing activities.

SOLO SERVICE GROUP LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST JULY 2000

	2000 £	1999 £
Statement of total recognised gains and losses		
Profit for the financial year	48,402	80,398
Unrealised surplus on revaluations of freehold land and buildings	-	16,110
Total recognised gains relating to the year	<u>48,402</u>	<u>96,508</u>

SOLO SERVICE GROUP LIMITED

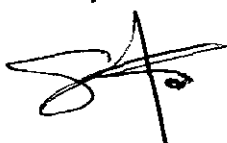
ABBREVIATED BALANCE SHEET

AS AT 31ST JULY 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Intangible assets	8		57,052		74,602
Tangible assets	9		145,907		442,437
Investments			4		4
			<u>202,963</u>		<u>517,043</u>
Current assets					
Stocks	11	43,096		49,679	
Debtors	12	938,081		792,864	
			<u>981,177</u>	<u>842,543</u>	
Creditors: amounts falling due within one year	13	(764,536)		(871,827)	
Net current assets/liabilities			<u>216,641</u>		<u>(29,284)</u>
Total assets less current liabilities			<u>419,604</u>		<u>487,759</u>
Creditors: amounts falling due after more than one year	14		(396)		(95,789)
Provisions for liabilities and charges					
Deferred taxation	17		(5,963)		(27,127)
			<u>413,245</u>		<u>364,843</u>
Capital and reserves					
Share capital	18		2,634		2,634
Revaluation reserve	19		-		27,013
Profit and loss account	19		410,611		335,196
Shareholders' funds	20		<u>413,245</u>		<u>364,843</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

These financial statements were approved by the board on 21st September 2000 and signed on its behalf by:



S.L. Hammett
Director



A.C. Hammett
Director

SOLO SERVICE GROUP LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2000

	Notes	2000 £	1999 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		200,664	169,662
Depreciation		49,976	75,671
Amortisation of intangible fixed assets		17,550	25,581
Loss on sale of fixed assets		7,557	5,470
Decrease in stocks		6,583	16,459
Increase in debtors		(145,217)	(320,175)
Decrease/Increase in creditors		(23,540)	126,420
Net cash inflow from operating activities		113,573	99,088

CASH FLOW STATEMENT

Net cash inflow from operating activities		113,573	99,088
Returns on investments and servicing of finance	21	(32,818)	(46,815)
Taxation		(36,326)	(986)
Capital expenditure and financial investment	21	238,997	(85,564)
Other exceptional items		(99,440)	-
Cash inflow/outflow before use of liquid resources and financing		183,986	(34,277)
Financing	21	(152,671)	(39,847)
Increase/Decrease in cash		31,315	(74,124)

Reconciliation of net cash flow to movement in net debt

Increase/Decrease in cash in the year		31,315	(74,124)
Decrease in loans	22	152,671	39,847
Decrease in net debt	22	183,986	(34,277)
Net debt at 1st August 1999		(539,655)	(505,378)
Net debt at 31st July 2000	22	(355,669)	(539,655)

SOLO SERVICE GROUP LIMITED
ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Consolidation

The financial statements contain information about Solo Service Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, over their expected useful lives:

Plant and machinery	20% straight line
Motor vehicles	20% straight line
Furniture and equipment	20% straight line
Computer equipment	20% straight line

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Goodwill

Goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal instalments over its estimated useful economic life of up to a maximum of 20 years. Goodwill previously eliminated against reserves has not been reinstated and will only be charged to the profit and loss account on the subsequent disposal of any business to which it related.

Stocks

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

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

SOLO SERVICE GROUP LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2000

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value 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.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating profit

The operating profit is stated after charging or crediting:

	2000	1999
	£	£
Depreciation of tangible fixed assets:		
-owned assets	49,976	75,671
Amortisation of intangible fixed assets	17,550	25,581
Loss on disposal of fixed assets	7,557	5,470
Hire of equipment	6,994	5,409
Auditors' remuneration	3,500	3,000

4 Interest payable and similar charges

	2000	1999
	£	£
Interest payable on bank loans and overdrafts	23,693	34,146
Finance leases and hire purchase contracts	9,125	12,669
	32,818	46,815

5 Directors and employees

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

	2000	1999
	£	£
Wages and salaries	4,363,748	3,034,558
	4,363,748	3,034,558

Directors' emoluments

	2000	1999
	£	£
Aggregate emoluments	114,889	124,215
	114,889	124,215

SOLO SERVICE GROUP LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2000

6	Exceptional items	2000	1999
		£	£
	Consultancy costs	(22,440)	-
	Redundancy costs	(77,000)	-
		<u>(99,440)</u>	<u>-</u>
 7	 Taxation	 2000	 1999
		£	£
	Based on the profit for the year:		
	UK corporation tax at 25.07% (1999:26.94%)	42,211	37,368
	Deferred tax charge	(21,164)	4,669
		<u>21,047</u>	<u>42,037</u>
	Prior periods		
	UK corporation tax	(1,043)	412
		<u>20,004</u>	<u>42,449</u>
 8	 Intangible fixed assets		
		Goodwill	Total
	Cost	£	£
	At 1st August 1999	100,183	100,183
	At 31st July 2000	100,183	100,183
	 Amortisation		
	At 1st August 1999	25,581	25,581
	Provided during the year	17,550	17,550
	At 31st July 2000	43,131	43,131
	 Net book value		
	At 31st July 2000	57,052	57,052
	 <i>At 31st July 1999</i>	 <i>74,602</i>	 <i>74,602</i>

SOLO SERVICE GROUP LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2000

9 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Office equipment	Total
Cost or valuation	£	£	£	£	£	£
At 1st August 1999	180,000	195,073	184,671	21,234	44,998	625,976
Additions	-	4,884	-	-	31,756	36,640
Disposals	(180,000)	-	(124,599)	(21,234)	-	(325,833)
At 31st July 2000	-	199,957	60,072	-	76,754	336,783
Depreciation						
At 1st August 1999	-	115,442	52,706	-	15,391	183,539
Charge for the year	-	25,855	12,014	-	12,107	49,976
Disposals	-	-	(42,639)	-	-	(42,639)
At 31st July 2000	-	141,297	22,081	-	27,498	190,876
Net book value						
At 31st July 2000	-	58,660	37,991	-	49,256	145,907
At 31st July 1999	180,000	79,631	131,965	21,234	29,607	442,437

Assets held under finance leases and hire purchase originally cost £59181(1999: £59181) and have a net book value of £39398 (1999: £51235). Depreciation charged for the year was £11837 (1999: £6431).

SOLO SERVICE GROUP LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2000

10 Investments

Investments comprise of shareholdings in group companies as follows:-

Name of company and registered office	Country of incorporation	Details of investments	Proportion held by company	Nature of business
Solo Janitorial Supplies Limited	U.K.	£2	100%	Wholesale supplier
Solo Security Services Limited	U.K.	£2	100%	Dormant

The capital and reserves and profit or loss for the subsidiary as at its financial year ending with, or last before, the financial year of the holding company were as follows :

	Profit/(loss) for the year £	Capital and reserves £
Solo Janitorial Supplies Limited	(21444)	(21242)
Solo Security Services Limited	—	2

11 Stocks

	2000 £	1999 £
Consumables	43,096	49,679
	<u>43,096</u>	<u>49,679</u>

12 Debtors

	2000 £	1999 £
Trade debtors	712,319	702,274
Amounts owed by subsidiary and associated undertakings	206,399	88,372
Other debtors	10,850	—
Prepayments and accrued income	8,513	2,218
	<u>938,081</u>	<u>792,864</u>

13 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts (Note 15)	338,141	369,456
Trade creditors	34,362	45,235
Other creditors	1,232	—
Accruals and deferred income	32,942	72,270
Corporation tax	42,211	37,369
Other taxes and social security	298,516	273,087
Obligations under hire purchase and finance lease (Note 16)	17,132	74,410
	<u>764,536</u>	<u>871,827</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

SOLO SERVICE GROUP LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2000

14	Creditors: amounts falling due after more than one year	2000	1999
		£	£
	Bank loans and overdrafts (Note 15)	-	75,993
	Obligations under hire purchase and finance lease (Note 16)	396	19,796
		396	95,789

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

15	Loans and borrowings	2000	1999
		£	£
	Analysis of loans		
	Bank loans and overdraft	338,141	445,449
	Obligations under hire purchase and finance lease	17,528	94,206
		355,669	539,655

Maturity of debt

In one year or less, or on demand	338,141	369,456
In more than five years	-	75,993
	338,141	445,449

16	Obligations under hire purchase and finance leases	2000	1999
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	17,132	74,410
	In the second to fifth years inclusive	396	19,796
		17,528	94,206

SOLO SERVICE GROUP LIMITED
ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

17 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2000	1999
	£	£
At 1st August 1999	27,127	13,200
Movement in the year	(21,164)	4,669
At 31st July 2000	5,963	27,127

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 30 % (1999 32.5%).

	Amount provided	
	2000	1999
	£	£
Accelerated capital allowances	5,963	17,869
	5,963	17,869
Unrealised capital gains	-	9,258

18 Share capital

	2000	1999
	£	£
Authorised		
Equity shares		
10,000 Ordinary shares of £1.00 each	10,000	10,000
	10,000	10,000
Allotted		
Equity shares		
2,634 Allotted, called up and fully paid ordinary shares of £1.00 each	2,634	2,634
	2,634	2,634

SOLO SERVICE GROUP LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2000

19 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1st August 1998	20,161	254,798
Profit for the year	-	80,398
Surplus on property revaluation	16,110	-
Deferred taxation on property revaluation	(9,258)	-
At 1st August 1999	27,013	335,196
Profit for the year	-	48,402
Transfers between reserves	(27,013)	27,013
At 31st July 2000	-	410,611

20 Reconciliation of movement in shareholders' funds

	2000	1999
	£	£
Profit for the financial year	48,402	80,398
Other recognised gains and losses	-	16,110
Transfers to reserves	-	(9,258)
Increase in the shareholders' funds	48,402	87,250
Opening shareholders' funds	364,843	277,593
Closing shareholders' funds	413,245	364,843

21 Gross cash flows

	2000	1999
	£	£
Returns on investments and servicing of finance		
Interest paid	(23,693)	(34,146)
Interest element of finance lease rentals payment	(9,125)	(12,669)
	(32,818)	(46,815)
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	-	(40,183)
Payments to acquire tangible fixed assets	(36,640)	(67,341)
Proceeds from the sale of tangible fixed assets	275,637	21,960
	238,997	(85,564)
Financing		
Decrease in bank loans due in more than one year	(75,993)	(6,879)
Capital element of finance lease rentals payments	(76,678)	(32,968)
	(152,671)	(39,847)

SOLO SERVICE GROUP LIMITED
ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

22 Analysis of changes in net debt

	1999	Cash flows	2000
	£	£	£
Overdrafts	(369,456)	31,315	(338,141)
Debt due after one year	(75,993)	75,993	-
Finance leases	(94,206)	76,678	(17,528)
	(170,199)	152,671	(17,528)
	(539,655)	183,986	(355,669)