

SOLO SERVICE GROUP LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2001

COMPANY REGISTRATION NUMBER 2626708

WILLIS JONES
CHARTERED ACCOUNTANTS
SWANSEA



SOLO SERVICE GROUP LIMITED
ABBREVIATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2001

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SOLO SERVICE GROUP LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report and financial statements for the year ended 31 July 2001.

Principal Activities and Business Review

The principal activities of the company throughout the year was that of contract cleaning services. In the year under review the security business of the company was sold and the acquisition of two further contract cleaning businesses was made. This is seen as strengthening the company's future position with the concentration on core business.

Results and Dividend

The results of the company for the year are set out on page 6.

It is recommended that the whole of the retained profit be set aside to reserves.

Directors and their Interests

The directors who served the company throughout the year together with their interests (including family interests) in the shares of the company, at the beginning and end of the year were as follows:-

	Ordinary Shares of £1 each	
	31 July 2001	At 1 August 2000
S.L. Hammett	2370	2370
A.C. Hammett	264	264

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 of the company for that period. In preparing those financial statements, the directors are required to:-

select suitable accounting policies and 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 financial statements;

prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 (CONT.)

Employees

The company takes a positive role in training and communicates with employees. To that end a company newspaper was launched during the year.

Auditors

Willis Jones have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board



T.C. Hammett
Secretary

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

Date: 27/9/01

AUDITORS REPORT TO THE MEMBERS OF

SOLO SERVICE GROUP LIMITED

We have examined the abbreviated accounts on pages 5 to 16, together with the financial statements of the company for the year ended 31 July 2001 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

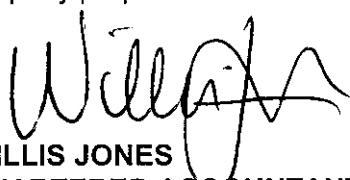
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246(a) of the 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 our Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, 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 financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 16 are properly prepared in accordance with that provision.



WILLIS JONES
CHARTERED ACCOUNTANTS
64 WALTER ROAD
SWANSEA
SA1 4PT

DATE: 27th September 2001

AUDITORS' REPORT TO THE DIRECTORS OF

SOLO SERVICE GROUP LIMITED

PURSUANT TO SECTION 248(3) OF THE COMPANIES ACT 1985

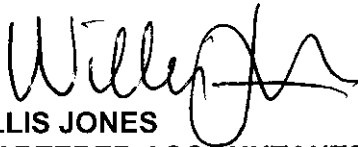
We have examined the financial statements of the company and its subsidiary for the year ended 31st July 2001.

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: 27th September 2001

SOLO SERVICE GROUP LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2001

	Note	Continuing Operations 2001 £	Acquisitions 2001 £	Discontinued Operations 2001 £	Total 2001 £	Total 2000 £
GROSS PROFIT		633558	140029	309858	1083445	1179905
Net operating expenses		(777689)	(42850)	(251899)	(1072438)	(1098681)
Other operating income		3078	-	-	3078	20000
OPERATING PROFIT	2	<u>(141053)</u>	<u>97179</u>	<u>57959</u>	<u>14085</u>	<u>101224</u>
Profit on disposal of discontinued operations	5	-	-	311722	311722	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND INVESTMENT INCOME		<u>(141053)</u>	<u>97179</u>	<u>369681</u>	<u>325807</u>	<u>101224</u>
Interest payable and similar charges					(21171)	(32818)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION					<u>304636</u>	<u>68406</u>
Taxation	4				(22165)	(20004)
PROFIT FOR THE FINANCIAL YEAR					<u>282471</u>	<u>48402</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR					<u>282471</u> =====	<u>48402</u> =====

There are no recognised gains and losses other than the profit for the year.

SOLO SERVICE GROUP LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 JULY 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Intangible assets	6	198053	57052
Tangible assets	7	127072	145907
Investments	8	2	4
		<u>325127</u>	<u>202963</u>
CURRENT ASSETS			
Stocks	9	40568	43096
Debtors	10	653826	938081
Cash in bank and in hand		164234	-
		<u>858628</u>	<u>981177</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(487083)	(764536)
NET CURRENT ASSETS		<u>371545</u>	<u>216641</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>696672</u>	<u>419604</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	-	(396)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(956)	(5963)
NET ASSETS		<u>695716</u>	<u>413245</u>
CAPITAL AND RESERVES			
Called up share capital	15	2634	2634
Profit and loss account	15	693082	410611
SHAREHOLDERS' FUNDS		<u>695716</u>	<u>413245</u>

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

Approved by the Board of Directors on 27th September 2001 and signed on its behalf.


S.L. Hammett


A.C. Hammett (Directors)

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2001

	Note	2001 £	2000 £
NET CASH FLOW FROM OPERATING ACTIVITIES (See page 8)		487789	14133
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(18899)	(23693)
Interest element of finance lease rentals payment		(2272)	(9125)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(21171)	(32818)
TAXATION			
Corporation tax paid		(42193)	(36326)
INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(213867)	-
Purchase of tangible fixed assets		(111076)	(36640)
Receipts from sale of tangible fixed assets		68347	275637
Receipts from sale of intangible assets		352074	-
NET CASH INFLOW FROM INVESTING ACTIVITIES		95478	238997
NET CASH INFLOW BEFORE FINANCING		519903	183986
FINANCING			
Decrease in bank loans due in more than one year		-	(75993)
Capital element of finance lease rentals payments		(17528)	(76678)
INCREASE IN CASH AND CASH EQUIVALENT	14	502375 =====	31315 =====

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2001

**RECONCILIATION OF OPERATING PROFIT TO NET
CASH FLOW FROM OPERATING ACTIVITIES**

	2001 £	2000 £
OPERATING PROFIT	14085	101224
Depreciation charges	54060	49976
Amortisation of intangible fixed assets	32514	17550
Loss on sale of fixed assets	7505	7557
Decrease in stocks	2528	6583
Decrease/(Increase) in debtors	284255	(145217)
Increase/(Decrease) in creditors	92842	(23540)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>487789</u> =====	<u>14133</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2001

1. ACCOUNTING POLICIES

(a) *Accounting basis and standards*

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

(b) *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.

(c) *Depreciation*

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:-

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

(d) *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.

(e) *Stocks*

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

(f) *Turnover*

Turnover represents the invoiced value of goods sold/services provided net of value added tax.

(g) *Deferred taxation*

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

(h) *Goodwill*

Goodwill is determined by comparing the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets, and is written off over its estimated economic life.

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2001 (CONT.)

(i) *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease (and represents a constant proportion of the balance of capital repayments outstanding).

Rentals under operating and finance leases have been charged to profit and loss account on a straight-line basis.

2.(a) 2000 COMPARATIVE NOTES

	Continuing 2000 £	Discontinued 2000 £	Total 2000 £
Gross profit	714850	465055	1179905
Net operating expenses	(567415)	(431826)	(999241)
Consultancy costs	(22440)	-	(22440)
Redundancy expenses	(77000)	-	(77000)
Other operating income	20000	-	20000
Operating profit	<u>67995</u>	<u>33229</u>	<u>101224</u>
Profit on ordinary activities before interest	<u>67995</u> =====	<u>33229</u> =====	<u>101224</u> =====

2.(b) OPERATING PROFIT

	2001 £	2000 £
The operating profit is stated after charging:-		
Auditor's remuneration	4500	3500
Depreciation:-		
Owned tangible fixed assets	54060	49976
Amortisation of goodwill	32514	17550
Loss on disposal of fixed assets	7505	7557
Hire of equipment	4742	6994
	<u>=====</u>	<u>=====</u>

3. DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Directors emoluments (include fees)	<u>188466</u> =====	<u>114889</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2001 (CONT.)

4. TAXATION

	2001 £	2000 £
Corporation tax based on the results for the year at the rate of 22.26% (2000 : 25.07%)	27190	42211
Deferred taxation (note 14)	(5007)	(21164)
Over provision in prior years	(18)	(1043)
	<u>22165</u>	<u>20004</u>
	=====	=====

5. EXCEPTIONAL ITEMS

	2001 £	2000 £
Consultancy costs	-	(22440)
Redundancy costs	-	(77000)
Profit on disposal of operations	311722	-
	<u>311722</u>	<u>(99440)</u>
	=====	=====

During the year the company sold its security business to concentrate on its core business namely the provision of contract cleaning.

6. INTANGIBLE ASSETS

	Goodwill £	Total £
<i>Cost</i>		
At 1 August 2000	100183	100183
Additions	213867	213867
Disposals	(100183)	(100183)
At 31 July 2001	<u>213867</u>	<u>213867</u>
<i>Depreciation</i>		
At 1 August 2000	43131	43131
Charge for the year	32514	32514
Eliminated on disposal	(59831)	(59831)
At 31 July 2001	<u>15814</u>	<u>15814</u>
<i>Net Book Value</i>		
At 31 July 2001	<u>198053</u>	<u>198053</u>
	=====	=====
At 31 July 2000	57052	57052
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2001 (CONT.)

7. TANGIBLE ASSETS

	Office equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<i>Cost or valuation</i>				
At 1 August 2000	76754	199957	60072	336783
Additions	6762	29251	75063	111076
Disposals	(6696)	(16798)	(85636)	(109130)
At 31 July 2001	76820	212410	49499	338729
<i>Depreciation</i>				
At 1 August 2000	27498	141297	22081	190876
Charge for the year	14766	25682	13612	54060
Disposals	(3109)	(10079)	(20091)	(33279)
At 31 July 2001	39155	156900	15602	211657
<i>Net Book Value</i>				
At 31 July 2001	37665	55510	33897	127072
	=====	=====	=====	=====
At 31 July 2000	49256	58660	37991	145907
	=====	=====	=====	=====

The net book value of fixed assets of £127072 (2000 : £145907) includes an amount of £Nil (2000 : £59181) in respect of assets held under finance leases.

8. INVESTMENTS

Representing:-

	<i>Country of incorporation</i>	<i>Class of shares held</i>	<i>Proportion of voting rights held</i>	<i>Nature of business</i>
Solo Janitorial Supplies Limited	UK	Ordinary	100%	Wholesale supplier

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 for the year £	Capital and reserves £
Solo Janitorial Supplies Limited	16442	(53107)
	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2001 (CONT.)

9. STOCKS

	2001 £	2000 £
Consumables	40568 =====	43096 =====

10. DEBTORS

	2001 £	2000 £
Trade debtors	514275	712319
Amounts owed by group undertakings:-		
- attributable to dealings with subsidiary undertakings of the company	57195	206399
Other debtors	77211	10850
Prepayments and accrued income	5145	8513
	<u>653826</u> =====	<u>938081</u> =====

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans and overdrafts (note 13)	-	338141
Trade creditors	41097	34362
Other creditors	51407	1232
Corporation tax	27190	42211
Other tax and social security	215357	298516
Obligations under finance leases and hire purchase contracts (note 13)	-	17132
Accruals and deferred income	116461	32942
Amounts due to connected companies	9064	-
Directors current account	26507	-
	<u>487083</u> =====	<u>764536</u> =====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2001 (CONT.)

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

	2001 £	2000 £
Bank loans and overdrafts	-	-
Obligation under finance leases and hire purchase contracts	-	396
	<u>-</u>	<u>396</u>
	=====	=====
Amounts repayable by instalments:-		
Between one and two years	-	355273
Between two and five years	-	396
	<u>-</u>	<u>355669</u>
	=====	=====

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2001 £	2000 £
Deferred taxation:-		
Balance brought forward	5963	27127
Amounts transferred to the profit and loss account in the year	(5007)	(21164)
	<u>956</u>	<u>5963</u>
	=====	=====

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in note 1(g). The amounts provided and the full potential liability are as follows:-

	2001		2000	
	Amount provided £	Potential liability £	Amount provided £	Potential liability £
Accelerated capital allowances	<u>956</u>	<u>956</u>	<u>5963</u>	<u>5963</u>
	=====	=====	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2001 (CONT.)

14. CASH AND CASH EQUIVALENTS

	Cash at bank £	Bank balance/ (overdraft) £	Total £
Balance at 31 July 1999	(170199)	(369456)	(539655)
Net cash inflow	152671	31315	183986
Balance at 31 July 2000	(17528)	(338141)	(355669)
Net cash inflow/(outflow)	17528	502375	519903
Balance at 31 July 2001	-	164234	164234
	=====	=====	=====

15. SHAREHOLDERS' FUNDS

	Called up share capital £	Profit and loss account £	Total £
As at 1 August 2000	2634	410611	413245
Retained profit for the year	-	282471	282471
As at 31 July 2001	2634	693082	695716
	=====	=====	=====

	2001 £	2000 £
The authorised share capital comprises:-		
Authorised		
10000 ordinary shares of £1 each	10000	10000
	=====	=====
Called up, allotted and fully paid		
2634 ordinary shares of £1 each	2634	2634
	=====	=====

The movements in shareholders' funds in the previous year are set out below:-

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
As at 1 August 1999	2634	27013	335196	364843
Goodwill written off	-	(27013)	27013	-
Retained profit for the year	-	-	48402	48402
As at 31 July 2000	2634	-	410611	413245
	=====	=====	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2001 (CONT.)

16. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided in the financial statements.

17. FUTURE FINANCIAL COMMITMENTS

Operating leases

At 31 July 2001 the company had annual commitments over operating leases as set out below:-

	2001 £	2000 £
Operating leases which expire:-		
(i) within one year	81565	9542
(ii) after one year before 5 years	29473	-
	=====	=====

18. DIRECTORS INTEREST IN CONTRACTS

During the year the security business was sold to an independent third party at arms length for £620000. This event triggered a clause under a pre existing agreement with Solo Property Services Limited a company wholly owned by Mr S.L. Hammett and £251892 became payable on the 31 July 2001 to that company. This reduced the profit on disposal of the security business accordingly

19. TRANSACTIONS WITH GROUP COMPANIES

In the year the company purchased cleaning materials from Solo Janitorial Services amounting to £76500 (2000 : £33333).