

SOLO SERVICE GROUP LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002

COMPANY REGISTRATION NUMBER 2626708

WILLIS JONES
CHARTERED ACCOUNTANTS
SWANSEA



SOLO SERVICE GROUP LIMITED
ABBREVIATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002

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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 2002.

Principal Activities and Business Review

The principal activities of the company throughout the year was that of contract cleaning services.

Results and Dividend

The results of the company for the year are set out on page 5.

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 2002	At 1 August 2001
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;

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.

Employees

The company takes a positive role in training and communicates with employees. The company operates an equal opportunities policy and wherever possible gives employment opportunities and training for disabled people.

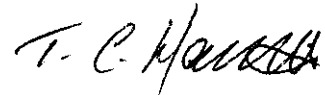
SOLO SERVICE GROUP LIMITED

DIRECTORS' REPORT (CONT.)

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: 15th November 2002

AUDITORS REPORT TO THE MEMBERS OF

SOLO SERVICE GROUP LIMITED

We have examined the abbreviated accounts on pages 5 to 17, together with the financial statements of the company for the year ended 31 July 2002 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

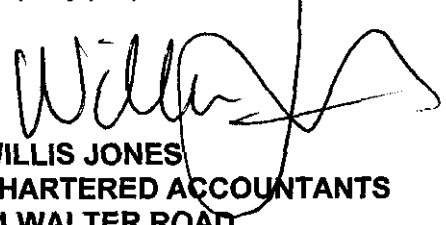
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246(a) of the 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: 21st November 2002

AUDITORS' REPORT TO THE DIRECTORS OF

SOLO SERVICE GROUP LIMITED

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

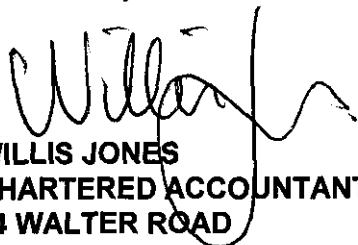
We have examined the financial statements of the company and its subsidiary for the year ended 31st July 2002.

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: 21st November 2002

SOLO SERVICE GROUP LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2002

	Note	2002 £	Continuing Operations Acquisitions 2002 £	Total 2002 £	Total 2001 £
GROSS PROFIT		1093387	66773	1160160	1083445
Net operating expenses		(1045943)	(26431)	(1072374)	(1072438)
Other operating income		9585	-	9585	3078
OPERATING PROFIT	2	<u>57029</u>	<u>40342</u>	<u>97371</u>	<u>14085</u>
Profit on disposal of discontinued operations	5	-	-	-	311722
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND INVESTMENT INCOME		<u>57029</u>	<u>40342</u>	<u>97371</u>	<u>325807</u>
Interest payable and similar charges				(13944)	(21171)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				<u>83427</u>	<u>304636</u>
Taxation	4			(23670)	(22165)
PROFIT FOR THE FINANCIAL YEAR				<u>59757</u>	<u>282471</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR				<u>59757</u> =====	<u>282471</u> =====

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

SOLO SERVICE GROUP LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 JULY 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Intangible assets	6	218499	198053
Tangible assets	7	115693	127072
Investments	8	2	2
		<u>334194</u>	<u>325127</u>
CURRENT ASSETS			
Stocks	9	41937	40568
Debtors	10	719887	653826
Cash in bank and in hand		113885	164234
		<u>875709</u>	<u>858628</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(451879)	(487083)
NET CURRENT ASSETS		<u>423830</u>	<u>371545</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>758024</u>	<u>696672</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	(2551)	(956)
NET ASSETS		<u>755473</u> =====	<u>695716</u> =====
CAPITAL AND RESERVES			
Called up share capital	14	2634	2634
Profit and loss account	14	752839	693082
SHAREHOLDERS' FUNDS		<u>755473</u> =====	<u>695716</u> =====

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium companies.

Approved by the Board of Directors on 15th November 2002


S.L. Hammett


A.C. Hammett (Directors)

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2002

	Note	2002 £	2001 £
NET CASH FLOW FROM OPERATING ACTIVITIES			
(See page 8)		86718	487789
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(13944)	(18899)
Interest element of finance lease rentals payment		-	(2272)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(13944)	(21171)
TAXATION			
Corporation tax paid		(18130)	(42193)
INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(67714)	(213867)
Purchase of tangible fixed assets		(38094)	(111076)
Receipts from sale of tangible fixed assets		815	68347
Receipts from sale of intangible assets		-	352074
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(104993)	95478
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(50349)	519903
FINANCING			
Capital element of finance lease rentals payments		-	(17528)
INCREASE IN CASH AND CASH EQUIVALENT	13	(50349) =====	502375 =====

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2002

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

	2002 £	2001 £
OPERATING PROFIT	97371	14085
Depreciation charges	47755	54060
Amortisation of intangible fixed assets	47268	32514
Loss on sale of fixed assets	903	7505
(Increase)/Decrease in stocks	(1369)	2528
(Increase)/Decrease in debtors	(66061)	284255
(Decrease)/Increase in creditors	(39149)	92842
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>86718</u> =====	<u>487789</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002

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 medium sized 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
Goodwill:	estimated economic life

(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.

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002 (CONT.)

(g) *Deferred taxation*

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

(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.

(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) **2001 COMPARATIVE NOTES**

	Continuing operations	Acquisitions	Discontinued operations	Total
	2001 £	2001 £	2001 £	2001 £
Gross profit	633558	140029	309858	1083445
Net operating expenses	(777689)	(42850)	(251899)	(1072438)
Other operating income	3078	-	-	3078
Operating profit	(141053)	97179	57959	14085
Profit on disposal of continued operations	-	-	311722	311755
Profit on ordinary activities before interest	(141053)	97179	369681	325807
	=====	=====	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002 (CONT.)

2.(b) OPERATING PROFIT

	2002 £	2001 £
The operating profit is stated after charging:-		
Auditor's remuneration	3500	4500
Depreciation:-		
Owned tangible fixed assets	47755	54060
Amortisation of goodwill	47268	32514
Loss on disposal of fixed assets	903	7505
Hire of equipment	9488	4742
Leasing costs	97884	76232
	=====	=====

3.(a) EMPLOYEE INFORMATION

The average number of persons employed by the company (including directors) during the year was:-

	2002 Number
Cleaning	1164
Administration	25

	1189
	=====

	2002 £	2001 £
Their total remuneration was:-		
Wages and salaries	3395255	3726286
Social security costs	186393	206899
Other pension costs	15851	16434
	-----	-----
	3597499	3949619
	=====	=====

3.(b) DIRECTORS' EMOLUMENTS

	2002 £	2001 £
Directors emoluments (include fees)	130057	188466
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002 (CONT.)

4. TAXATION

(a) Analysis of charge for the year

	2002		2001	
	£	£	£	£
Current tax:-				
UK corporation tax:-				
Current tax on income for the year	31135		27190	
Adjustments in respect of prior years	(9060)		(18)	
	<u> </u>	22075	<u> </u>	27172
Deferred tax		<u>22075</u>		<u>27172</u>
Origination and reversal of timing differences	1121		(5007)	
Effect on increased tax rate on opening liability	474		-	
	<u> </u>	1595	<u> </u>	(5007)
Total deferred tax		1595		(5007)
Tax on profit on ordinary activities		<u>23670</u>		<u>22165</u>
		=====		=====

(b) Factors affecting the tax charge for the years

	2002 £	2001 £
The tax assessed for the year is lower than the company's standard rate of corporation tax in the UK of 23%. The differences are explained below:-		
Profit on ordinary activities before tax	83427	307636
	=====	=====
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23%	19188	70756
Effects of:-		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	14693	24274
Depreciation in excess of capital allowances for year	830	3856
Utilisation of group company tax losses	(3576)	-
Rollover relief on profit on disposal of property	-	(71696)
Adjustments to tax charge in respect of previous years	(9060)	(18)
	<u> </u>	<u> </u>
Current tax charge for the year (note 4(a))	22075	27172
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002 (CONT.)

(c) *Factors that may affect future tax charges*

No provision has been made for deferred tax on gains recognised on the sale of goodwill in 2001 where the taxable gains have been or will be rolled over into replacement assets. The total amount unprovided for is £93517. At present it is not envisaged that any tax will become payable in the foreseeable future.

The taxation charge for the year has been affected by the disallowance of certain expenditure, including goodwill written off.

5. EXCEPTIONAL ITEMS

	2002 £	2001 £
Profit on disposal of operations	- =====	311722 =====

6. INTANGIBLE ASSETS

	Goodwill £	Total £
<i>Cost</i>		
At 1 August 2001	213867	213867
Additions	67714	67714
Disposals	-	-
At 31 July 2002	<u>281581</u>	<u>281581</u>
<i>Depreciation</i>		
At 1 August 2001	15814	15814
Charge for the year	47268	47268
Eliminated on disposal	-	-
At 31 July 2002	<u>63082</u>	<u>63082</u>
<i>Net Book Value</i>		
At 31 July 2002	<u>218499</u> =====	<u>218499</u> =====
At 31 July 2001	198053 =====	198053 =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002 (CONT.)

7. TANGIBLE ASSETS

	Office equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<i>Cost or valuation</i>				
At 1 August 2001	76820	212410	49499	338729
Additions	12330	25764	-	38094
Disposals	(527)	-	(11910)	(12437)
At 31 July 2002	88623	238174	37589	364386
<i>Depreciation</i>				
At 1 August 2001	39155	156900	15602	211657
Charge for the year	14961	23490	9304	47755
Disposals	-	-	(10719)	(10719)
At 31 July 2002	54116	180390	14187	248693
<i>Net Book Value</i>				
At 31 July 2002	34507	57784	23402	115693
	=====	=====	=====	=====
At 31 July 2001	37665	55510	33897	127072
	=====	=====	=====	=====

The net book value of fixed assets of £115693 (2001 : £127072) includes an amount of £Nil (2001 : £Nil) in respect of assets held under finance leases.

8. INVESTMENTS

Representing:-

	Country of incorporation	Class of shares held	Proportion of voting rights held	Nature of business
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:-

	Loss for the year £	Capital and reserves £
Solo Janitorial Supplies Limited	(17239)	(70344)
	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002 (CONT.)

9. STOCKS

	2002 £	2001 £
Consumables	41937 =====	40568 =====

10. DEBTORS

	2002 £	2001 £
Trade debtors	461874	514275
Amounts owed by group undertakings:-		
- attributable to dealings with subsidiary undertakings of the company	93189	57195
Other debtors	132838	77211
Prepayments and accrued income	31986	5145
	<u>719887</u> =====	<u>653826</u> =====

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	68487	41097
Other creditors	60157	51407
Corporation tax	31135	27190
Other tax and social security	209705	215357
Accruals and deferred income	81395	116461
Amounts due to connected companies	-	9064
Directors current account	(980)	26507
	<u>451879</u> =====	<u>487083</u> =====

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £	2001 £
Deferred tax:-		
Accelerated capital allowances	2551 =====	956 =====
Provision at start of year	956	5963
Deferred tax charge in profit and loss accounts for year (note 4)	1595	(5007)
Provision at end of year	<u>2551</u> =====	<u>956</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002 (CONT.)

13. CASH AND CASH EQUIVALENTS

	Cash at bank £	Bank balance/ (overdraft) £	Total £
Balance at 31 July 2000	(17528)	(338141)	(355669)
Net cash inflow	17528	502375	519903
Balance at 31 July 2001	-	164234	164234
Net cash (outflow)	-	(50349)	(50349)
Balance at 31 July 2002	-	113885	113885
	=====	=====	=====

14. SHAREHOLDERS' FUNDS

	Called up share capital £	Profit and loss account £	Total £
As at 1 August 2001	2634	693082	695716
Retained profit for the year	-	59757	59757
As at 31 July 2002	2634	752839	755473
	=====	=====	=====

	2002 £	2001 £
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 £	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
	=====	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002 (CONT.)

15. CAPITAL COMMITMENTS

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

16. FUTURE FINANCIAL COMMITMENTS

Operating leases

At 31 July 2002 the company had annual commitments over operating leases as set out below:-

	2002	2001
	£	£
Operating leases which expire:-		
(i) within one year	118978	81565
(ii) after one year before 5 years	74440	29473
	=====	=====

17. TRANSACTIONS WITH GROUP COMPANIES

In the year the company purchased cleaning materials from Solo Janitorial Services amounting to £35000 (2001 : £76500).