

SOLO SERVICE GROUP LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003

COMPANY REGISTRATION NUMBER 2626708



WILLIS JONES
CHARTERED ACCOUNTANTS
SWANSEA

SOLO SERVICE GROUP LIMITED
ABBREVIATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003

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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 2003.

Principal Activities and Business Review

The principal activities of the company throughout the year was that of contract cleaning services. The year has seen new regions being acquired and new contracts awarded to the company. The directors are optimistic that the company's growth will continue into 2004 and beyond.

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 2003	At 1 August 2002
S.L. Hammett	254370	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.

SOLO SERVICE GROUP LIMITED

DIRECTORS' REPORT (CONT.)

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. Employment of disabled people is considered on merit with regards only to the ability of any applicant to carry out the function necessary. Arrangements to enable disabled people to carry out the function required will be made if it is reasonable to do so.

Share Capital

On the 31 July 2003 the company purchased the whole of the share capital of Solo Property Services Limited for £310000 from Mr S. Hammett. This transaction was at arms length. To facilitate this transaction a further 252000, £1 ordinary shares were issued.

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: 17th November 2003

AUDITORS REPORT TO THE MEMBERS OF

SOLO SERVICE GROUP LIMITED

We have examined the abbreviated accounts on pages 5 to 18, together with the financial statements of the company for the year ended 31 July 2003 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

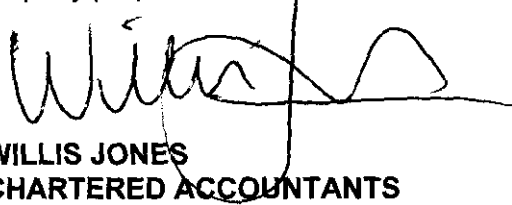
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246(a) of the 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: 17th November 2003

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

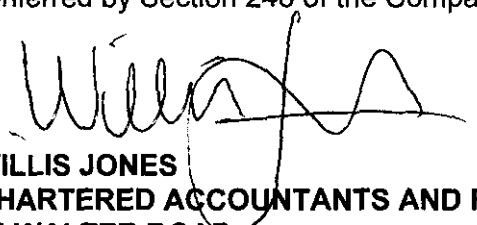
We have examined the financial statements of the company and its subsidiary for the year ended 31 July 2003.

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: 17th November 2003

SOLO SERVICE GROUP LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2003

	Note	2003 £	2002 £
GROSS PROFIT		1765004	1160160
Net operating expenses		(1470428)	(1072374)
Other operating income		5994	9585
OPERATING PROFIT	2(b)	<u>300570</u>	<u>97371</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND INVESTMENT INCOME		<u>300570</u>	<u>97371</u>
Interest payable and similar charges		(21248)	(13944)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>279322</u>	<u>83427</u>
Taxation	4	(118104)	(23670)
PROFIT FOR THE FINANCIAL YEAR		<u>161218</u>	<u>59757</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>161218</u> =====	<u>59757</u> =====

SOLO SERVICE GROUP LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 JULY 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	6	192247	218499
Tangible assets	7	402594	115693
Investments	8	310002	2
		<u>904843</u>	<u>334194</u>
CURRENT ASSETS			
Stocks	9	22284	41937
Debtors	10	1316246	719887
Cash in bank and in hand		138015	113885
		<u>1476545</u>	<u>875709</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(1075802)	(451879)
NET CURRENT ASSETS		<u>400743</u>	<u>423830</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1305586</u>	<u>758024</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(106550)	-
PROVISIONS FOR LIABILITIES AND CHARGES	13	(30345)	(2551)
NET ASSETS		<u>1168691</u> =====	<u>755473</u> =====
CAPITAL AND RESERVES			
Called up share capital	15	254634	2634
Profit and loss account	15	914057	752839
SHAREHOLDERS' FUNDS		<u>1168691</u> =====	<u>755473</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 17th November 2003 .


S.L. Hammett


J. Rees

(Directors)

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2003

	Note	2003 £	2002 £
NET CASH FLOW FROM OPERATING ACTIVITIES (See page 8)		345852	86718
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(16018)	(13944)
Interest element of finance lease rentals payment		(5230)	-
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>324604</u>	<u>(13944)</u>
TAXATION			
Corporation tax paid		(31135)	(18130)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(47567)	(38094)
Purchase of intangible fixed assets		(352097)	(67714)
Purchase of investments		(310000)	-
Receipts from sale of tangible fixed assets		620	815
Receipts from sale of intangible asset		10055	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(698989)</u>	<u>(104993)</u>
SHARES ISSUED		252000	-
NET CASH OUTFLOW) BEFORE FINANCING		<u>(405520)</u>	<u>(50349)</u>
FINANCING			
New finance lease		177650	-
Issue of ordinary share capital		252000	-
INCREASE IN CASH AND CASH EQUIVALENT	14	<u>24130</u> =====	<u>(50349)</u> =====

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2003

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

	2003 £	2002 £
OPERATING PROFIT	300570	97371
Depreciation charges	63828	47755
Amortisation of intangible fixed assets	63764	47268
Loss on sale of fixed assets	748	903
Decrease/(Increase) in stocks	19653	(1369)
(Increase) in debtors	(596359)	(66061)
Increase/(Decrease) in creditors	493648	(39149)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>345852</u> =====	<u>86718</u> =====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003

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 2003 (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) **2002 COMPARATIVE NOTES**

	Continuing operations	Acquisitions	Total
	2002 £	2002 £	2002 £
Gross profit	1093387	66773	1160160
Net operating expenses	(1045943)	(26431)	(1072374)
Other operating income	9585	-	9585
Operating profit	<u>57029</u>	<u>40342</u>	<u>97371</u>
Profit on disposal of continued operations	-	-	-
Profit on ordinary activities before interest	<u>57029</u>	<u>40342</u>	<u>97371</u>
	=====	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2003 (CONT.)

2.(b) OPERATING PROFIT

	2003 £	2002 £
The operating profit is stated after charging:-		
Auditor's remuneration	4000	3500
Depreciation:-		
Owned tangible fixed assets	49608	47755
Assets held under hire purchase	14220	-
Amortisation of goodwill	63764	47268
Loss on disposal of fixed assets	748	903
Hire of equipment	10134	9488
Leasing costs	153665	97884
	=====	=====

3.(a) EMPLOYEE INFORMATION

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

	2003 Number	2002 Number
Cleaning	1322	1164
Administration	32	25
	-----	-----
	1354	1189
	=====	=====

	2003 £	2002 £
Their total remuneration was:-		
Wages and salaries	4815592	3395255
Social security costs	279508	186393
Other pension costs	20802	15851
	-----	-----
	5115902	3597499
	=====	=====

3.(b) DIRECTORS' EMOLUMENTS

	2003 £	2002 £
Directors emoluments (include fees)	171778	83034
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2003 (CONT.)

4. TAXATION

(a) Analysis of charge for the year

	2003		2002
	£	£	£
Current tax:-			
UK corporation tax:-			
Current tax on income for the year	90310		31135
Adjustments in respect of prior years	-		(9060)
	<u>90310</u>		<u>22075</u>
Deferred tax:-			
Origination and reversal of timing differences	27794		1121
Effect on increased tax rate on opening liability	-		474
Total deferred tax	<u>27794</u>		<u>1595</u>
Tax on profit on ordinary activities	<u>118104</u>		<u>23670</u>
	=====		=====

(b) Factors affecting the tax charge for the years

	2003	2002
	£	£
The tax assessed for the year is lower than the company's standard rate of corporation tax in the UK of 27.83% (2002 : 23%). The differences are explained below:-		
Profit on ordinary activities before tax	279322	83427
	=====	=====
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.83% (2002 : 23%)	77728	19188
Effects of:-		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	35755	14693
Depreciation in excess/(deficit) of capital allowances for year	(23173)	830
Utilisation of group company tax losses	-	(3576)
Adjustments to tax charge in respect of previous years	-	(9060)
Current tax charge for the year (note 4(a))	<u>90310</u>	<u>22075</u>
	=====	=====

(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 £74510. At present it is not envisaged that any tax will become payable in the foreseeable future.

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2003 (CONT.)

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

5. EXCEPTIONAL ITEMS

	2003 £	2002 £
Loss on disposal of operations in 2001	63355 =====	- =====

This relates to monies that will not now be received from the sale of goodwill in 2001. These amounts have been clawed back under that agreement.

6. INTANGIBLE ASSETS

	Goodwill £	Total £
<i>Cost</i>		
At 1 August 2002	281581	281581
Additions	47567	47567
Disposals	(10055)	(10055)
At 31 July 2003	<u>319093</u>	<u>319093</u>
<i>Depreciation</i>		
At 1 August 2002	63082	63082
Charge for the year	63764	63764
Eliminated on disposal	-	-
At 31 July 2003	<u>126846</u>	<u>126846</u>
<i>Net Book Value</i>		
At 31 July 2003	<u>192247</u> =====	<u>192247</u> =====
At 31 July 2002	218499 =====	218499 =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2003 (CONT.)

7. TANGIBLE ASSETS

	Office equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<i>Cost or valuation</i>				
At 1 August 2002	88623	238174	37589	364386
Additions	46981	267116	38000	352097
Disposals	(634)	-	(1600)	(2234)
At 31 July 2003	134970	505290	73989	714249
<i>Depreciation</i>				
At 1 August 2002	54116	180390	14187	248693
Charge for the year	15963	38639	9226	63828
Disposals	(39)	-	(827)	(866)
At 31 July 2003	70040	219029	22586	311655
<i>Net Book Value</i>				
At 31 July 2003	64930	286261	51403	402594
	=====	=====	=====	=====
At 31 July 2002	34507	57784	23402	115693
	=====	=====	=====	=====

The net book value of fixed assets of £402594 (2002 : £115693) includes an amount of £199080 (2002 : £Nil) in respect of assets held under hire purchase.

8. INVESTMENTS

On the 31 July 2003 the whole of the ordinary share capital of Solo Property Services Limited was purchased for £310000, the company was wholly owned by Mr S. Hammett.

	2003 £	2002 £
Solo Janitorial Services Limited	2	2
Solo Property Services Limited	310000	-
As at 31 July	310002	2
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2003 (CONT.)

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
Solo Property Services Limited	UK	Ordinary	100%	Property rental

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

	<i>Profit/(Loss) for the year £</i>	<i>Capital and reserves £</i>
Solo Janitorial Supplies Limited	30864	(39482)
Solo Property Services Limited	(21653)	263300
	=====	=====

9. STOCKS

	<i>2003 £</i>	<i>2002 £</i>
Consumables	22284	41937
	=====	=====

10. DEBTORS

	<i>2003 £</i>	<i>2002 £</i>
Trade debtors	1243357	461874
Amounts owed by group undertakings:-		
- attributable to dealings with subsidiary undertakings of the company	37413	93189
Other debtors	4348	132838
Prepayments and accrued income	31128	31986
	=====	=====
	1316246	719887
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2003 (CONT.)

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	228141	68487
Other creditors	42432	60157
Corporation tax	90310	31135
Other tax and social security	396512	209705
Accruals and deferred income	230965	81395
Finance leases and hire purchase contracts	71100	-
Directors current account	13522	(980)
Amounts due to connected companies	2820	-
	<u>1075802</u> =====	<u>451879</u> =====

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

	2003 £	2002 £
Finance leases and hire purchase contracts	106550	-
	<u>106550</u> =====	<u>-</u> =====

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Deferred tax:-		
Accelerated capital allowances	2551	2551
	<u>2551</u> =====	<u>2551</u> =====
Provision at start of year	2551	956
Deferred tax charge in profit and loss accounts for year (note 4)	27794	1595
Provision at end of year	<u>30345</u> =====	<u>2551</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2003 (CONT.)

14. CASH AND CASH EQUIVALENTS

	Cash in hand £	Bank balance/ (overdraft) £	Total £
Balance at 31 July 2001	-	164234	164234
Net cash inflow	-	(50349)	(50349)
Balance at 31 July 2002	-	113885	113885
Net cash (outflow)	6	24124	24130
Balance at 31 July 2003	6	138009	138015
	=====	=====	=====

15. SHAREHOLDERS' FUNDS

	Called up share capital £	Profit and loss account £	Total £
As at 1 August 2002	2634	752839	755473
Issued in the year	252000	-	252000
Retained profit for the year	-	161218	161218
As at 31 July 2003	254634	914057	1168691
	=====	=====	=====

	2003 £	2002 £
The authorised share capital comprises:-		
Authorised		
300000 ordinary shares of £1 each	300000	10000
	=====	=====
Called up, allotted and fully paid		
254634 ordinary shares of £1 each	254634	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 2001	2634	693082	695716
Retained profit for the year	-	59757	59757
As at 31 July 2002	2634	752839	755473
	=====	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003 (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 2003 the company had annual commitments over operating leases as set out below:-

	2003 £	2002 £
Operating leases which expire:-		
(i) within one year	927	118978
(ii) after one year before 5 years	171548	74440
	=====	=====

18. TRANSACTIONS WITH GROUP COMPANIES

In the year the company purchased cleaning materials from Solo Janitorial Services amounting to £85000 (2002 : £35000), with £37416 (2002 : £93189) being owed by Solo Janitorial Supplies Limited to Solo Service Group Limited at the year end.

19. TRANSACTIONS WITH DIRECTORS

In the year the company purchased the whole of the ordinary share capital of Solo Property Services Limited for £310000. The company was wholly owned by Mr S. Hammett.

Solo Property Services Limited also rented premises to Solo Service Group Limited. This amounted to £9600 for the year. The amount outstanding to Solo Property as at the year end amounted to £2820 (2002 : £Nil).