

SOLO SERVICE GROUP LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

COMPANY REGISTRATION NUMBER 2626708



WILLIS JONES
CHARTERED ACCOUNTANTS
SWANSEA

SOLO SERVICE GROUP LIMITED
ABBREVIATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

<u>CONTENTS</u>	<u>PAGE</u>
Directors' Report	1
Report of the Auditors	3
Profit and Loss Account	5
Balance Sheet	6
Cashflow Statement	7
Notes to the Financial Statements	9

SOLO SERVICE GROUP LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report and financial statements for the year ended 31 July 2004.

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 2004	At 1 August 2003
S.L. Hammett	254106	254370
A.C. Hammett	264	264
J. Rees	-	-
C. Cooper	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.

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: 13th October 2004

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 2004 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

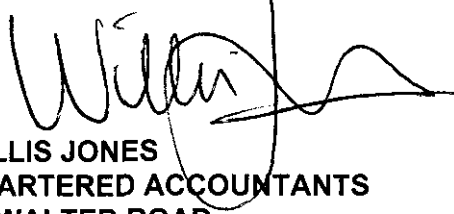
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246(a) of the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



**WILLIS JONES
CHARTERED ACCOUNTANTS
64 WALTER ROAD
SWANSEA
SA1 4PT**

DATE: 14th October 2004

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

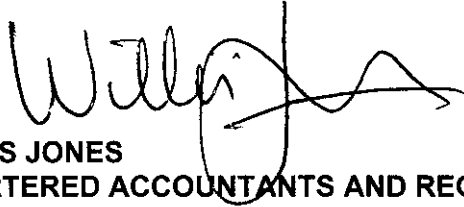
We have examined the financial statements of the company and its subsidiary for the year ended 31 July 2004.

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.

A handwritten signature in black ink, appearing to read 'Willis Jones', with a large, stylized flourish extending from the end of the signature.

WILLIS JONES
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
64 WALTER ROAD
SWANSEA
SA1 4PT

DATE: 14th October 2004

SOLO SERVICE GROUP LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004

	Note	2004 £	2003 £
GROSS PROFIT		2500133	1765004
Net operating expenses		(2129473)	(1470428)
Other operating income		50023	5994
OPERATING PROFIT		<u>420683</u>	<u>300570</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND INVESTMENT INCOME		<u>420683</u>	<u>300570</u>
Interest payable and similar charges		(39939)	(21248)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>380744</u>	<u>279322</u>
Taxation	4	(116954)	(118104)
PROFIT FOR THE FINANCIAL YEAR		<u>263790</u>	<u>161218</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>263790</u> =====	<u>161218</u> =====

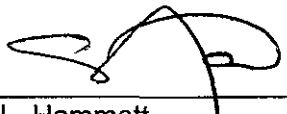
SOLO SERVICE GROUP LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 JULY 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Intangible assets	6	193834	192247
Tangible assets	7	362120	402594
Investments	8	310002	310002
		<u>865956</u>	<u>904843</u>
CURRENT ASSETS			
Stocks	9	36000	22284
Debtors	10	1503568	1316246
Debtors due after more than one year	10	566719	-
Cash in bank and in hand		241804	138015
		<u>2348091</u>	<u>1476545</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(1701962)	(1075802)
NET CURRENT ASSETS		<u>646129</u>	<u>400743</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1512085</u>	<u>1305586</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(48884)	(106550)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(30720)	(30345)
NET ASSETS		<u>1432481</u> =====	<u>1168691</u> =====
CAPITAL AND RESERVES			
Called up share capital	15	254634	254634
Profit and loss account	15	1177847	914057
SHAREHOLDERS' FUNDS		<u>1432481</u> =====	<u>1168691</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 13th October 2004.


S.L. Hammett


J. Rees

(Directors)

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2004

	Note	2004 £	2003 £
NET CASH FLOW FROM OPERATING ACTIVITIES			
(See page 8)		216644	345852
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(33096)	(16018)
Interest element of finance lease rentals payment		(6843)	(5230)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		176705	324604
TAXATION			
Corporation tax paid		(90310)	(31135)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(108898)	(352097)
Purchase of intangible fixed assets		(213508)	(47567)
Purchase of investments		-	(310000)
Receipts from sale of tangible fixed assets		33600	620
Receipts from sale of intangible asset		-	10055
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(288806)	(698989)
NET CASH OUTFLOW BEFORE FINANCING		(202411)	(405520)
FINANCING			
New finance lease		22966	177650
Finance leasing capital repaid		(73650)	-
Issue of ordinary share capital		-	252000
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	14	(253095) =====	24130 =====

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2004

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

	2004 £	2003 £
OPERATING PROFIT	420683	300570
Depreciation charges	108197	63828
Amortisation of intangible fixed assets	211921	63764
Loss on sale of fixed assets	7574	748
(Increase)/Decrease in stocks	(13716)	19653
(Increase) in debtors	(754041)	(596359)
Increase in creditors	236026	493648
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>216644</u> =====	<u>345852</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004

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 2004 (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. OPERATING PROFIT

	2004 £	2003 £
The operating profit is stated after charging:-		
Auditor's remuneration	5000	4000
Depreciation:-		
Owned tangible fixed assets	62086	49608
Assets held under hire purchase	46111	14220
Amortisation of goodwill	305921	63764
Loss on disposal of fixed assets	7574	748
Hire of equipment	36156	10134
Leasing costs	234569	153665
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004 (CONT.)

3(a). EMPLOYEE INFORMATION

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

	2004 Number	2003 Number
Cleaning	2216	1322
Administration	46	32
	<u>2262</u>	<u>1354</u>
	=====	=====

	2004 £	2003 £
Their total remuneration was:-		
Wages and salaries	7915574	4911676
Social security costs	253233	183424
Other pension costs	23129	20802
	<u>8191936</u>	<u>5115902</u>
	=====	=====

3(b). DIRECTORS' EMOLUMENTS

	2004 £	2003 £
Directors emoluments (include fees)	<u>308782</u>	<u>171778</u>
	=====	=====

4. TAXATION

(a) Analysis of charge for the year

	2004 £	2003 £
Current tax:-		
UK corporation tax:-		
Current tax on income for the year	116579	90310
Deferred tax:-		
Origination and reversal of timing differences	375	27794
Tax on profit on ordinary activities	<u>116954</u>	<u>118104</u>
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004 (CONT.)

(b) *Factors affecting the tax charge for the years*

	2004 £	2003 £
The tax assessed for the year is lower than the company's standard rate of corporation tax in the UK of 29.3% (2003 : 27.83%). The differences are explained below:-		
Profit on ordinary activities before tax	380744 =====	279322 =====
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.3% (2003 : 27.83%)	111558	77728
Effects of:-		
Expenses not deductible for tax purposes (primarily goodwill amortisation and dividend income)	7316	35755
Depreciation in excess of capital allowances for year	(2295)	(23173)
Current tax charge for the year (note 4(a))	116579 =====	90310 =====

(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.

5. **EXCEPTIONAL ITEMS**

	2004 £	2003 £
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.

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004 (CONT.)

6. INTANGIBLE ASSETS

	Goodwill £	Total £
<i>Cost</i>		
At 1 August 2003	319093	319093
Additions	213508	213508
Disposals	-	-
At 31 July 2004	<u>532601</u>	<u>532601</u>
<i>Depreciation</i>		
At 1 August 2003	126846	126846
Charge for the year	211921	211921
Eliminated on disposal	-	-
At 31 July 2004	<u>338767</u>	<u>338767</u>
<i>Net Book Value</i>		
At 31 July 2004	<u>193834</u> =====	<u>193834</u> =====
At 31 July 2003	<u>192247</u> =====	<u>192247</u> =====

7. TANGIBLE ASSETS

	Buildings	Office equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<i>Cost or valuation</i>					
At 1 August 2003	-	134984	505290	73989	714249
Additions	5953	10666	78756	13523	108898
Disposals	-	-	-	(55801)	(55801)
At 31 July 2004	<u>5953</u>	<u>145650</u>	<u>584046</u>	<u>31711</u>	<u>767360</u>
<i>Depreciation</i>					
At 1 August 2003	-	70054	219029	22586	311669
Charge for the year	992	21314	77135	8756	108197
Disposals	-	-	-	(14626)	(14626)
At 31 July 2004	<u>992</u>	<u>91368</u>	<u>296164</u>	<u>16716</u>	<u>405240</u>
<i>Net Book Value</i>					
At 31 July 2004	<u>4961</u> =====	<u>54282</u> =====	<u>287882</u> =====	<u>14995</u> =====	<u>362120</u> =====
At 31 July 2003	<u>-</u> =====	<u>64930</u> =====	<u>286261</u> =====	<u>51403</u> =====	<u>402594</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004 (CONT.)

The net book value of fixed assets of £362120 (2003 : £402594) includes an amount of £175936 (2003 : £199080) in respect of assets held under hire purchase.

8. INVESTMENTS

	2004 £	2003 £
Solo Janitorial Services Limited	2	2
Solo Property Services Limited	310000	310000
As at 31 July	<u>310002</u> =====	<u>310002</u> =====

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 the financial year of the holding company were as follows:-

	Profit/(Loss) for the year £	Capital and reserves £
Solo Janitorial Supplies Limited	76012	36532
Solo Property Services Limited	(259)	324571
	<u>=====</u>	<u>=====</u>

9. STOCKS

	2004 £	2003 £
Consumables	36000	22284
	<u>=====</u>	<u>=====</u>

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004 (CONT.)

10. DEBTORS

	2004 £	2003 £
Debtors due after more than one year	5665719 =====	- =====
Trade debtors	1468113	1243357
Amounts owed by group undertakings:-		
- attributable to dealings with subsidiary undertakings of the company	-	37413
Other debtors	2186	4348
Prepayments and accrued income	33269	31128
	<u>1503568</u> =====	<u>1316246</u> =====

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans and overdrafts	356884	-
Trade creditors	159496	228141
Other creditors	51010	42432
Corporation tax	116579	90310
Other tax and social security	558674	396512
Accruals and deferred income	334143	230965
Finance leases and hire purchase contracts	78081	71100
Directors current account	1550	13522
Amounts due to connected companies	45545	2820
	<u>1701962</u> =====	<u>1075802</u> =====

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

	2004 £	2003 £
Finance leases and hire purchase contracts	48884 =====	106550 =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004 (CONT.)

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2004 £	2003 £
Deferred tax:-		
Accelerated capital allowances	375	2551
	=====	=====
Provision at start of year	30345	2551
Deferred tax charge in profit and loss accounts for year (note 4)	375	27794
	=====	=====
Provision at end of year	30720	30345
	=====	=====

14. CASH AND CASH EQUIVALENTS

	Cash in hand £	Bank balance/ (overdraft) £	Total £
Balance at 31 July 2002	-	113885	113885
Net cash inflow	6	24124	24130
	=====	=====	=====
Balance at 31 July 2003	6	138009	138015
Net cash outflow	(6)	(253089)	(253095)
	=====	=====	=====
Balance at 31 July 2004	-	(115080)	(115080)
	=====	=====	=====

15. SHAREHOLDERS' FUNDS

	Called up share capital £	Profit and loss account £	Total £
As at 1 August 2003	254634	914057	1168691
Issued in the year	-	-	-
Retained profit for the year	-	263790	263790
	=====	=====	=====
As at 31 July 2004	254634	1177847	1432481
	=====	=====	=====

	2004 £	2003 £
The authorised share capital comprises:-		
Authorised		
300000 ordinary shares of £1 each	300000	300000
	=====	=====
Called up, allotted and fully paid		
254634 ordinary shares of £1 each	254634	256434
	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004 (CONT.)

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 2002	2634	752839	755473
Issued in the year	252000	-	252000
Retained profit for the year	-	161218	161218
As at 31 July 2003	<u>254634</u>	<u>914057</u>	<u>1168691</u>

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 2004 the company had annual commitments under operating leases as set out below:-

	2004 £	2003 £
Operating leases which expire:-		
(i) within one year	226246	927
(ii) after one year before 5 years	79108	171548
	<u>=====</u>	<u>=====</u>

18. TRANSACTIONS WITH GROUP COMPANIES

In the year the company purchased cleaning materials from Solo Janitorial Services amounting to £114000 (2003 : £85000), with £45545 (2003 : £37416 owed by) being owed to Solo Janitorial Supplies Limited from Solo Service Group Limited at the year end.

19. TRANSACTIONS WITH DIRECTORS

In the year the company rented premises from Solo Property Services Limited amounting to £20640 (2003 : £9600) for the year. The amount outstanding from Solo Property as at the year end amounted to £565169 (2003 : £2820 owed to).