

SOLO SERVICE GROUP LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005

COMPANY REGISTRATION NUMBER 2626708



WILLIS JONES
CHARTERED ACCOUNTANTS
SWANSEA

SOLO SERVICE GROUP LIMITED
ABBREVIATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005

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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 2005.

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 2005 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 2005	At 1 August 2004
S.L. Hammett	254106	254106
A.C. Hammett	264	264
J. Rees	-	-
C. Cooper	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.

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: 1st November 2005

**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 2005 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: 2nd November 2005

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

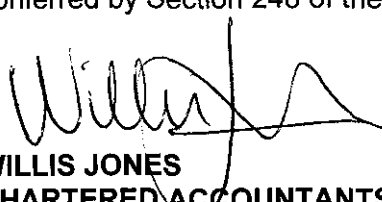
We have examined the financial statements of the company and its subsidiary for the year ended 31 July 2005.

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:

2nd November 2005

SOLO SERVICE GROUP LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2005

	Note	2005 £	2004 £
GROSS PROFIT		3106962	2500133
Net operating expenses		(2666841)	(2129473)
Other operating income		434	50023
OPERATING PROFIT		<u>440555</u>	<u>420683</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND INVESTMENT INCOME		<u>440555</u>	<u>420683</u>
Interest payable and similar charges		(57283)	(39939)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>383272</u>	<u>380744</u>
Taxation	4	(158101)	(116954)
PROFIT FOR THE FINANCIAL YEAR		<u>225171</u>	<u>263790</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>225171</u> =====	<u>263790</u> =====

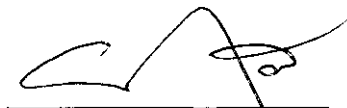
SOLO SERVICE GROUP LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 JULY 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Intangible assets	5	-	193834
Tangible assets	6	809746	362120
Investments	7	310002	310002
		<u>1119748</u>	<u>865956</u>
CURRENT ASSETS			
Stocks	8	40827	36000
Debtors	9	1689656	1503568
Debtors due after more than one year	9	730926	566719
Cash in bank and in hand		302	241804
		<u>2461711</u>	<u>2348091</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(1842493)	(1701962)
NET CURRENT ASSETS		<u>619218</u>	<u>646129</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1738966</u>	<u>1512085</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(42612)	(48884)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(38702)	(30720)
NET ASSETS		<u>1657652</u> =====	<u>1432481</u> =====
CAPITAL AND RESERVES			
Called up share capital	14	254634	254634
Profit and loss account	14	1403018	1177847
SHAREHOLDERS' FUNDS		<u>1657652</u> =====	<u>1432481</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 1st November 2005.


S.L. Hammett


J. Rees (Directors)

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2005

	Note	2005 £	2004 £
NET CASH FLOW FROM OPERATING ACTIVITIES (See page 8)		740441	216644
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(48452)	(33096)
Interest element of finance lease rentals payment		(8831)	(6843)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(57283)</u>	<u>(39939)</u>
TAXATION			
Corporation tax paid		(116539)	(90310)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(582498)	(108898)
Purchase of intangible fixed assets		(125822)	(213508)
Receipts from sale of tangible fixed assets		-	33600
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(708320)</u>	<u>(288806)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(141701)</u>	<u>(202411)</u>
FINANCING			
New finance lease		72820	22966
Finance leasing capital repaid		(88262)	(73650)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	13	<u>(157143)</u> =====	<u>(253095)</u> =====

SOLO SERVICE GROUP LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2005

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

	2005 £	2004 £
OPERATING PROFIT	440515	420683
Depreciation charges	134378	108197
Amortisation of intangible fixed assets	319656	211921
Loss on sale of fixed assets	494	7574
(Increase)/Decrease in stocks	(4827)	(13716)
(Increase) in debtors	(350295)	(754041)
Increase in creditors	200520	236026
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>740441</u> =====	<u>216644</u> =====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005

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 2005 (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

	2005 £	2004 £
The operating profit is stated after charging:-		
Auditor's remuneration	5000	5000
Depreciation:-		
Owned tangible fixed assets	73089	62086
Assets held under hire purchase	61289	46111
Amortisation of goodwill	319656	211921
Loss on disposal of fixed assets	494	7574
Hire of equipment	64706	36156
Leasing costs	310727	234569
	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005 (CONT.)

3(a). EMPLOYEE INFORMATION

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

	2005 Number	2004 Number
Cleaning	2234	2216
Administration	59	46
	<u>2293</u>	<u>2262</u>
	=====	=====

	2005 £	2004 £
Their total remuneration was:-		
Wages and salaries	9712087	7915574
Social security costs	300374	253233
Other pension costs	33284	23129
	<u>10045745</u>	<u>8191936</u>
	=====	=====

3(b). DIRECTORS' EMOLUMENTS

	2005 £	2004 £
Directors emoluments (include fees)	253942	308782
	=====	=====

4. TAXATION

(a) Analysis of charge for the year

	2005 £	2004 £
Current tax:-		
UK corporation tax:-		
Current tax on income for the year	150119	116579
Deferred tax:-		
Origination and reversal of timing differences	7982	375
Tax on profit on ordinary activities	<u>158101</u>	<u>116954</u>
	=====	=====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2005 (CONT.)

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

	2005 £	2004 £
The tax assessed for the year is lower than the company's standard rate of corporation tax in the UK of 30% (2004 : 30%). The differences are explained below:-		
Profit on ordinary activities before tax	383272 =====	380744 =====
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 : 30%)	114981	111558
Effects of:-		
Expenses not deductible for tax purposes (primarily goodwill amortisation and dividend income)	(8262)	7316
Capital allowances in excess of depreciation for year	43400	(2295)
Current tax charge for the year (note 4(a))	<u>150119</u> =====	<u>116579</u> =====

5. INTANGIBLE ASSETS

	Goodwill £	Total £
<i>Cost</i>		
At 1 August 2004	532601	532601
Additions	125822	125822
Disposals	-	-
At 31 July 2005	<u>658423</u>	<u>658423</u>
<i>Depreciation</i>		
At 1 August 2004	338767	338767
Charge for the year	319656	319656
Eliminated on disposal	-	-
At 31 July 2005	<u>658423</u>	<u>658423</u>
<i>Net Book Value</i>		
At 31 July 2005	<u>-</u> =====	<u>-</u> =====
At 31 July 2004	<u>193834</u> =====	<u>193834</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2005 (CONT.)

6. TANGIBLE ASSETS

	Freehold buildings	Office equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<i>Cost or valuation</i>					
At 1 August 2004	5953	145650	584046	31711	767360
Additions	377419	18769	180085	6225	582498
Disposals	-	-	-	(13135)	(13135)
At 31 July 2005	38372	164419	764131	24801	1336723
<i>Depreciation</i>					
At 1 August 2004	992	91368	296164	16716	405240
Charge for the year	1191	18006	108300	6881	134378
Disposals	-	-	-	(12641)	(12641)
At 31 July 2005	2183	109374	404464	10956	526977
<i>Net Book Value</i>					
At 31 July 2005	381189	55045	359667	13845	809746
	=====	=====	=====	=====	=====
At 31 July 2004	4961	54282	287882	14995	362120
	=====	=====	=====	=====	=====

The net book value of fixed assets of £432327 (2004 :£362120) includes an amount of £194885 (2004 : £175936) in respect of assets held under hire purchase.

7. INVESTMENTS

	2005 £	2004 £
Solo Janitorial Services Limited	2	2
Solo Property Services Limited	310000	310000
As at 31 July	310002	310002
	=====	=====

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
Solo Property Services Limited	UK	Ordinary	100%	Property rental

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2005 (CONT.)

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	45403	81935
Solo Property Services Limited	178442	328968
	=====	=====

8. STOCKS

	2005 £	2004 £
Consumables	40827	36000
	=====	=====

9. DEBTORS

	2005 £	2004 £
Debtors due after more than one year	730926	566719
	=====	=====
Trade debtors	1625183	1468113
Amounts owed by group undertakings:-		
- attributable to dealings with subsidiary undertakings of the company	-	-
Other debtors	13352	2186
Prepayments and accrued income	51121	33269
	1689656	1503568
	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005 (CONT.)

10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank loans and overdrafts	272525	356884
Trade creditors	334611	159496
Other creditors	58388	51010
Corporation tax	150119	116579
Other tax and social security	581907	558674
Accruals and deferred income	302100	334143
Finance leases and hire purchase contracts	68911	78081
Directors current account	-	1550
Amounts due to connected companies	73932	45545
	<u>1842493</u> =====	<u>1701962</u> =====

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

	2005 £	2004 £
Finance leases and hire purchase contracts	42612	48884
	<u>=====</u>	<u>=====</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2005 £	2004 £
Deferred tax:-		
Accelerated capital allowances	7982	375
	<u>=====</u>	<u>=====</u>
Provision at start of year	30720	30345
Deferred tax charge in profit and loss accounts for year (note 4)	7982	375
Provision at end of year	<u>38702</u> =====	<u>30720</u> =====

SOLO SERVICE GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2005 (CONT.)

13. CASH AND CASH EQUIVALENTS

	Cash in hand £	Bank balance/ (overdraft) £	Total £
Balance at 31 July 2003	6	138009	138015
Net cash outflow	(6)	(253089)	(253095)
Balance at 31 July 2004	-	(115080)	(115080)
Net cash outflow	-	(157143)	(157143)
Balance at 31 July 2005	-	272223	272223
	=====	=====	=====

14. SHAREHOLDERS' FUNDS

	Called up share capital £	Profit and loss account £	Total £
As at 1 August 2004	254634	1177847	1432481
Retained profit for the year	-	225171	225171
As at 31 July 2005	254634	1403018	1657652
	=====	=====	=====

	2005 £	2004 £
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
	=====	=====

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 2003	254634	914057	1168691
Issued in the year	-	-	-
Retained profit for the year	-	263790	263790
As at 31 July 2004	254634	1177847	1432481
	=====	=====	=====

SOLO SERVICE GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005 (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 2005 the company had annual commitments under operating leases as set out below:-

	2005	2004
	£	£
Operating leases which expire:-		
(i) within one year	221724	226246
(ii) after one year before 5 years	96821	79108
	=====	=====

17. TRANSACTIONS WITH GROUP COMPANIES

In the year the company purchased cleaning materials from Solo Janitorial Services amounting to £Nil (2004 : £114000), with £73932 (2004 : £45545 owed by) being owed to Solo Janitorial Supplies Limited from Solo Service Group Limited at the year end.

In the year the company rented premises from Solo Property Services Limited amounting to £31640 (2004 : £20640) for the year. The amount outstanding from Solo Property as at the year end amounted to £730926 (2004 : £566719 owed to).