

Company Registration No. 1027001 (England and Wales)

EUROPA FACILITY SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



EUROPA FACILITY SERVICES LIMITED

COMPANY INFORMATION

Directors

M H Jones
P M Hargraves
D J Colbert
R Chadwick (Appointed 1 April 2006)
K W Durling

Secretary

P M Hargraves

Company number

1027001

Registered office

Gate House, Fretherne Road
Welwyn Garden City
Herts
AL8 6RD

Auditors

HLB Vantis Audit plc
66 Wigmore Street
London
W1U 2SB

Bankers

National Westminster Bank Plc
PO Box 399
40 Whitgift Centre
Croydon
Surrey
CR9 3QB

EUROPA FACILITY SERVICES LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10 - 17

EUROPA FACILITY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The company is principally engaged in the provision of office and industrial cleaning and facilities management.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

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

An interim ordinary dividend was paid amounting to £100,000. The directors do not recommend payment of a final dividend.

Future developments

The company's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the company makes use of money market facilities when funds are available.

Trade debtors are managed in respect of credit and cash flow risk by application of policies regarding the credit offered to customers, and the regular monitoring of amounts outstanding with reference to time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts falling due at the appropriate time.

Directors

The following directors have held office since 1 January 2005:

M H Jones

P M Hargraves

D J Colbert

R Chadwick

K W Durling

(Appointed 1 April 2006)

EUROPA FACILITY SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
M H Jones	-	-
P M Hargraves	-	-
D J Colbert	-	-
K W Durling	-	-

The directors have no beneficial interest in the shares of the company, which is a wholly owned subsidiary of Europa Facility Holdings Limited. The interests of the directors who are the directors of the parent undertaking are disclosed in the financial statements of that company.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

On 1 April 2006, HLB AV Audit Plc changed its name to HLB Vantis Audit Plc. In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB Vantis Audit plc be reappointed as auditors of the company will be put to the Annual General Meeting.

EUROPA FACILITY SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' responsibilities

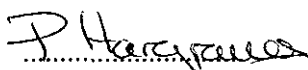
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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.

On behalf of the board



P M Hargraves

Director

11/9/06

EUROPA FACILITY SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROPA FACILITY SERVICES LIMITED

We have audited the financial statements of Europa Facility Services Limited for the year ended 31 December 2005 set out on pages 6 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

EUROPA FACILITY SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF EUROPA FACILITY SERVICES LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended
- and have been properly prepared in accordance with the Companies Act 1985.

HLB Vantis Audit plc

HLB Vantis Audit

12/09/06

Chartered Accountants
Registered Auditor

66 Wigmore Street
London
W1U 2SB



EUROPA FACILITY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		2005	2004
	Notes	£	as restated £
Turnover	2	12,672,157	10,721,936
Cost of sales		(10,488,110)	(8,900,059)
Gross profit		2,184,047	1,821,877
Distribution costs		(75,423)	(68,203)
Administrative expenses		(1,836,512)	(1,554,680)
Operating profit	3	272,112	198,994
Other interest receivable and similar income	4	10,273	10,758
Interest payable and similar charges	5	(8,960)	(2,607)
Profit on ordinary activities before taxation		273,425	207,145
Tax on profit on ordinary activities	6	(77,287)	(61,009)
Profit for the year	14	196,138	146,136

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

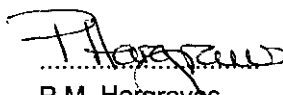
EUROPA FACILITY SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

		2005		2004 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		216,549		156,211
Current assets					
Debtors	9	2,406,396		2,170,691	
Cash at bank and in hand		565,097		362,470	
		<u>2,971,493</u>		<u>2,533,161</u>	
Creditors: amounts falling due within one year	10	<u>(2,675,171)</u>		<u>(2,271,826)</u>	
Net current assets			<u>296,322</u>		<u>261,335</u>
Total assets less current liabilities			<u>512,871</u>		<u>417,546</u>
Creditors: amounts falling due after more than one year	11		<u>(15,809)</u>		<u>(16,622)</u>
			<u>497,062</u>		<u>400,924</u>
Capital and reserves					
Called up share capital	13		4,400		4,400
Profit and loss account	14		492,662		396,524
Shareholders' funds	15		<u>497,062</u>		<u>400,924</u>

Approved by the Board and authorised for issue on 11/9/06


M H Jones
Director


P M Hargraves
Director

EUROPA FACILITY SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	£	2005 £	£	2004 £
Net cash inflow from operating activities		541,632		116,657
Returns on investments and servicing of finance				
Interest received	10,273		10,758	
Interest paid	(8,960)		(2,607)	
Net cash inflow for returns on investments and servicing of finance		1,313		8,151
Taxation		(60,749)		(7,409)
Capital expenditure				
Payments to acquire tangible assets	(148,881)		(83,988)	
Net cash outflow for capital expenditure		(148,881)		(83,988)
Equity dividends paid		(100,000)		(40,000)
Net cash inflow/(outflow) before management of liquid resources and financing		233,315		(6,589)
Financing				
Capital element of hire purchase contracts	(30,688)		(17,113)	
Net cash outflow from financing		(30,688)		(17,113)
Increase/(decrease) in cash in the year		202,627		(23,702)

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit	272,112	198,994
	Depreciation of tangible assets	128,531	111,721
	Increase in debtors	(235,705)	(286,924)
	Increase in creditors within one year	376,694	92,866
	Net cash inflow from operating activities	541,632	116,657

2	Analysis of net funds	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	362,470	202,627	-	565,097
	Bank deposits	-	-	-	-
	Debt:				
	Finance leases	(35,254)	30,688	(39,988)	(44,554)
	Net funds	327,216	233,315	(39,988)	520,543

3	Reconciliation of net cash flow to movement in net funds	2005	2004
		£	£
	Increase/(decrease) in cash in the year	202,627	(23,702)
	Cash outflow from decrease in debt and lease financing	30,688	17,113
	Change in net debt resulting from cash flows	233,315	(6,589)
	New finance lease	(39,988)	(10,935)
	Movement in net funds in the year	193,327	(17,524)
	Opening net funds	327,216	344,740
	Closing net funds	520,543	327,216

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	20% per annum
Plant and machinery	rates varying from 20% - 33% per annum
Motor vehicles	25% per annum

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.6 Dividends

The accounting policy in respect of proposed dividends has been changed to reflect the requirements of FRS21: Events after the balance sheet date. As a result of this change a prior period adjustment has been made in respect of the proposed dividends of £40,000 at 31 December 2003 and of £100,000 at 31 December 2004. The creditor and the appropriation of profit have been cancelled. The respective dividends have been debited to equity in the period in which they were paid.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

3	Operating profit	2005	2004
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	128,531	111,721
	Operating lease rentals		
	- Plant and machinery	28,421	25,720
	- Other assets	78,805	69,846
	Auditors' remuneration	8,700	6,400
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	2005	2004
		£	£
	Bank interest	10,273	10,758
		<u> </u>	<u> </u>
5	Interest payable	2005	2004
		£	£
	On bank loans and overdrafts	4,110	12
	Hire purchase interest	4,850	2,595
		<u> </u>	<u> </u>
		8,960	2,607
		<u> </u>	<u> </u>

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	77,538	61,000
	Adjustment for prior years	(251)	9
	Current tax charge	<u>77,287</u>	<u>61,009</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>273,425</u>	<u>207,145</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	<u>82,028</u>	<u>62,144</u>
	Effects of:		
	Non deductible expenses	5,235	3,589
	Depreciation add back	38,559	33,516
	Capital allowances	(35,901)	(24,713)
	Adjustments to previous periods	(251)	9
	Marginal relief	(12,383)	(13,793)
	Group relief	-	(7)
	Other tax adjustments	-	264
		<u>(4,741)</u>	<u>(1,135)</u>
	Current tax charge	<u>77,287</u>	<u>61,009</u>
7	Dividends	2005 £	2004 as restated £
	Ordinary interim paid	<u>100,000</u>	<u>40,000</u>

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2005	7,096	380,941	58,681	446,718
Additions	8,555	180,314	-	188,869
Disposals	-	(45,110)	-	(45,110)
At 31 December 2005	15,651	516,145	58,681	590,477
Depreciation				
At 1 January 2005	5,152	244,331	41,024	290,507
Depreciation eliminated on disposal	-	(45,110)	-	(45,110)
Charge for the year	2,320	113,542	12,669	128,531
At 31 December 2005	7,472	312,763	53,693	373,928
Net book value				
At 31 December 2005	8,179	203,382	4,988	216,549
At 31 December 2004	1,944	136,610	17,657	156,211

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
Net book values	
At 31 December 2005	47,279
At 31 December 2004	39,092
Depreciation charge for the year	
At 31 December 2005	36,144
At 31 December 2004	20,333

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

9 Debtors	2005	2004
	£	£
Trade debtors	2,241,570	1,909,011
Amounts owed by parent and fellow subsidiary undertakings	2,652	69,820
Other debtors	157,789	185,945
Prepayments and accrued income	4,385	5,915
	<u>2,406,396</u>	<u>2,170,691</u>
10 Creditors: amounts falling due within one year	2005	2004
	£	as restated £
Net obligations under hire purchase contracts	28,745	18,632
Trade creditors	1,377,979	1,047,843
Corporation tax	77,538	61,000
Other taxes and social security costs	558,985	436,280
Other creditors	377,785	303,016
Accruals and deferred income	254,139	405,055
	<u>2,675,171</u>	<u>2,271,826</u>
11 Creditors: amounts falling due after more than one year	2005	2004
	£	£
Net obligations under hire purchase contracts	<u>15,809</u>	<u>16,622</u>
Net obligations under hire purchase contracts		
Repayable within one year	33,134	21,474
Repayable between one and five years	18,099	18,824
	<u>51,233</u>	<u>40,298</u>
Finance charges and interest allocated to future accounting periods	(6,679)	(5,350)
	<u>44,554</u>	<u>34,948</u>
Included in liabilities falling due within one year	(28,745)	(18,632)
	<u>15,809</u>	<u>16,316</u>

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

12 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	6,161	5,581

13 Share capital

Authorised

250,000 Ordinary shares of £1 each

	2005 £	2004 £
250,000 Ordinary shares of £1 each	250,000	250,000

Allotted, called up and fully paid

4,400 Ordinary shares of £1 each

	2005 £	2004 £
4,400 Ordinary shares of £1 each	4,400	4,400

14 Statement of movements on profit and loss account

	Profit and loss account as restated £
Balance at 1 January 2005	396,524
Profit for the year	196,138
Dividends paid	(100,000)
Balance at 31 December 2005	492,662

15 Reconciliation of movements in shareholders' funds

	2005 £	2004 as restated £
Profit for the financial year	196,138	146,136
Dividends	(100,000)	(40,000)
Net addition to shareholders' funds	96,138	106,136
Opening shareholders' funds	400,924	294,788
Closing shareholders' funds	497,062	400,924

Opening shareholders' funds were originally £300,924 before adding prior year adjustments of £100,000.

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

16 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	Land and buildings			Other
	2005	2004	2005	2004
	£	£	£	£
Operating leases which expire:				
Within one year	1,333	-	25,843	414
Between two and five years	102,445	53,475	69,735	88,102
In over five years	-	9,500	-	-
	<u>103,778</u>	<u>62,975</u>	<u>95,578</u>	<u>88,516</u>

17 Transactions with directors

The following directors had overdrawn interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2005	2004	in year
	£	£	£
MH Jones	7,314	6,686	7,314
PM Hargraves	706	600	706

Included within other debtors is a rent deposit of £50,000 held by M H Jones and Mrs L Jones. This was paid when the director and his wife acquired the leasehold of a property occupied by Europa Facility Services Limited. The rent payable in respect of this property is £16,000 per annum.

At the balance sheet date the company was owed £2,713 (2004: £7,509) by Mrs L Jones, wife of the director M H Jones. The balance is included within other debtors.

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Direct labour	581	534
Administrative staff	30	24
	<u>611</u>	<u>558</u>

Employment costs

	2005 £	2004 £
Wages and salaries	6,609,418	5,730,626
Social security costs	518,500	442,217
Other pension costs	6,161	5,581
	<u>7,134,079</u>	<u>6,178,424</u>

19 Control

The ultimate parent undertaking is Europa Facility Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is M H Jones, a director.

20 Related party transactions

During the year there were management charges of £380,000 (2004: £410,000) payable to Europa Facility Holdings Limited, the ultimate parent company. At the balance sheet date the company was owed £2,652 (2004: £69,820) by Europa Facility Holdings Limited