

4 of 16

Company Registration No. 1027001 (England and Wales)

EUROPA FACILITY SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

HLB **VA**udit



EUROPA FACILITY SERVICES LIMITED

COMPANY INFORMATION

Directors

M H Jones
P M Hargraves
D J Colbert
K W Durling

Secretary

P M Hargraves

Company number

1027001

Registered office

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

Auditors

HLB AV 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 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 16

EUROPA FACILITY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

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 5.

A final dividend has been proposed of £100,000.

Directors

The following directors have held office since 1 January 2004:

M H Jones
P M Hargraves
D J Colbert
K W Durling

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 December 2004	1 January 2004
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.

EUROPA FACILITY SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB AV Audit plc be reappointed as auditors of the company will be put to the Annual General Meeting.

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 then apply them consistently;
- make judgements 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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

28/06/05

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 on pages 5 to 16 for the year ended 31 December 2004. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom Auditing Standards 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 of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB AV Audit plc

HLB AV Audit plc

11/7/05

Registered Auditor

66 Wigmore Street
London
W1U 2SB

EUROPA FACILITY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	10,721,936	9,012,020
Cost of sales		(8,900,059)	(7,593,248)
Gross profit		1,821,877	1,418,772
Distribution costs		(68,203)	(73,266)
Administrative expenses		(1,554,680)	(1,296,010)
Operating profit	3	198,994	49,496
Other interest receivable and similar income	4	10,758	8,472
Interest payable and similar charges	5	(2,607)	(1,961)
Profit on ordinary activities before taxation		207,145	56,007
Tax on profit on ordinary activities	6	(61,009)	(6,631)
Profit on ordinary activities after taxation		146,136	49,376
Dividends	7	(100,000)	(40,000)
Retained profit for the year	14	46,136	9,376

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 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	8		156,211		173,009
Current assets					
Debtors	9	2,170,691		1,883,767	
Cash at bank and in hand		362,470		386,172	
		<u>2,533,161</u>		<u>2,269,939</u>	
Creditors: amounts falling due within one year	10	<u>(2,371,826)</u>		<u>(2,161,716)</u>	
Net current assets			<u>161,335</u>		<u>108,223</u>
Total assets less current liabilities			<u>317,546</u>		<u>281,232</u>
Creditors: amounts falling due after more than one year	11		<u>(16,622)</u>		<u>(26,444)</u>
			<u>300,924</u>		<u>254,788</u>
Capital and reserves					
Called up share capital	13		4,400		4,400
Profit and loss account	14		296,524		250,388
Shareholders' funds - equity interests	15		<u>300,924</u>		<u>254,788</u>

The financial statements were approved by the Board on 28th June 2005


M H Jones
Director


P M Hargraves
Director

EUROPA FACILITY SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	£	2004 £	£	2003 £
Net cash inflow from operating activities		116,657		245,215
Returns on investments and servicing of finance				
Interest received	10,758		8,472	
Interest paid	(2,607)		(1,961)	
Net cash inflow for returns on investments and servicing of finance		8,151		6,511
Taxation		(7,409)		(26,231)
Capital expenditure				
Payments to acquire tangible assets	(83,988)		(82,624)	
Receipts from sales of tangible assets	-		1,800	
Net cash outflow for capital expenditure		(83,988)		(80,824)
Equity dividends paid		(40,000)		(60,000)
Net cash inflow before management of liquid resources and financing		(6,589)		84,671
Financing				
Capital element of hire purchase contracts	(17,113)		(3,533)	
Net cash outflow from financing		(17,113)		(3,533)
(Decrease)/increase in cash in the year		(23,702)		81,138

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

1	Reconciliation of operating profit to net cash inflow from operating activities		2004	2003
			£	£
	Operating profit		198,994	49,496
	Depreciation of tangible assets		111,721	92,063
	Profit on disposal of tangible assets		-	(1,600)
	Increase in debtors		(286,924)	(166,717)
	Increase in creditors within one year		92,866	271,973
	Net cash inflow from operating activities		116,657	245,215

2	Analysis of net funds	1 January 2004	Cash flow	Other non-cash changes	31 December 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	386,172	(23,702)	-	362,470
	Bank deposits	-	-	-	-
	Debt:				
	Finance leases	(41,432)	17,113	(10,935)	(35,254)
	Net funds	344,740	(6,589)	(10,935)	327,216

3	Reconciliation of net cash flow to movement in net funds	2004	2003
		£	£
	(Decrease)/increase in cash in the year	(23,702)	81,138
	Cash outflow from decrease in debt and lease financing	17,113	3,533
	Change in net debt resulting from cash flows	(6,589)	84,671
	New finance lease	(10,935)	(44,965)
	Movement in net funds in the year	(17,524)	39,706
	Opening net funds	344,740	305,034
	Closing net funds	327,216	344,740

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 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

1.5 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.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Deferred taxation

Where material, deferred tax is provided in full, as required by FRS 19 - *Deferred Tax*, in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not discounted.

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 2004

3	Operating profit	2004	2003
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	111,721	92,063
	Operating lease rentals	95,566	108,454
	Auditors' remuneration	6,400	8,000
	and after crediting:		
	Profit on disposal of tangible assets	-	(1,600)
		<u> </u>	<u> </u>
4	Investment income	2004	2003
		£	£
	Bank interest	10,758	8,472
		<u> </u>	<u> </u>
5	Interest payable	2004	2003
		£	£
	On bank loans and overdrafts	12	1,431
	Hire purchase interest	2,595	530
		<u> </u>	<u> </u>
		<u>2,607</u>	<u>1,961</u>

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

6	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	61,000	7,400
	Adjustment for prior years	9	(369)
		<u>61,009</u>	<u>7,031</u>
	Current tax charge		
		61,009	7,031
	Deferred tax		
	Deferred tax charge/credit current year	-	(400)
		<u>61,009</u>	<u>6,631</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>207,145</u>	<u>56,007</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 19.00%)	<u>62,144</u>	<u>10,641</u>
	Effects of:		
	Non deductible expenses	3,589	2,949
	Depreciation add back	33,516	17,492
	Capital allowances	(24,713)	(15,923)
	Adjustments to previous periods	9	(369)
	Chargeable disposals	-	(304)
	Marginal relief	(13,793)	-
	Group relief	(7)	(7,447)
	Other tax adjustments	264	(8)
		<u>(1,135)</u>	<u>(3,610)</u>
	Current tax charge	<u>61,009</u>	<u>7,031</u>
7	Dividends	2004 £	2003 £
	Ordinary final proposed	<u>100,000</u>	<u>40,000</u>

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

8 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2004	7,096	313,811	53,620	374,527
Additions	-	89,862	5,061	94,923
Disposals	-	(22,732)	-	(22,732)
At 31 December 2004	7,096	380,941	58,681	446,718
Depreciation				
At 1 January 2004	3,828	175,863	21,827	201,518
On disposals	-	(22,732)	-	(22,732)
Charge for the year	1,324	91,200	19,197	111,721
At 31 December 2004	5,152	244,331	41,024	290,507
Net book value				
At 31 December 2004	1,944	136,610	17,657	156,211
At 31 December 2003	3,268	137,948	31,793	173,009

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

	Plant and machinery £
Net book values	
At 31 December 2004	39,092
At 31 December 2003	47,275
Depreciation charge for the year	
At 31 December 2004	20,333
At 31 December 2003	5,625

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

9 Debtors	2004 £	2003 £
Trade debtors	1,909,011	1,674,745
Amounts owed by parent and fellow subsidiary undertakings	69,820	65,437
Other debtors	185,945	143,585
Prepayments and accrued income	5,915	-
	<u>2,170,691</u>	<u>1,883,767</u>
10 Creditors: amounts falling due within one year	2004 £	2003 £
Net obligations under hire purchase contracts	18,632	14,988
Trade creditors	1,047,843	1,053,474
Corporation tax	61,000	7,400
Other taxes and social security costs	436,280	346,024
Other creditors	303,016	339,019
Accruals and deferred income	405,055	360,811
Proposed dividend	100,000	40,000
	<u>2,371,826</u>	<u>2,161,716</u>
11 Creditors: amounts falling due after more than one year	2004 £	2003 £
Net obligations under hire purchase contracts	<u>16,622</u>	<u>26,444</u>
Net obligations under hire purchase contracts		
Repayable within one year	21,474	17,236
Repayable between one and five years	18,824	30,411
	<u>40,298</u>	<u>47,647</u>
Finance charges and interest allocated to future accounting periods	(5,350)	(6,215)
	<u>34,948</u>	<u>41,432</u>
Included in liabilities falling due within one year	<u>(18,632)</u>	<u>(14,988)</u>
	<u>16,316</u>	<u>26,444</u>

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

12 Pension costs

Defined contribution

	2004 £	2003 £
Contributions payable by the company for the year	5,581	2,007

13 Share capital

Authorised

250,000 Ordinary shares of £1 each

	2004 £	2003 £
250,000 Ordinary shares of £1 each	250,000	250,000

Allotted, called up and fully paid

4,400 Ordinary shares of £1 each

	2004 £	2003 £
4,400 Ordinary shares of £1 each	4,400	4,400

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2004	250,388
Retained profit for the year	46,136
Balance at 31 December 2004	296,524

15 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	146,136	49,376
Dividends	(100,000)	(40,000)
Net addition to shareholders' funds	46,136	9,376
Opening shareholders' funds	254,788	245,412
Closing shareholders' funds	300,924	254,788

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

16 Financial commitments

At 31 December 2004 the company was committed to making the following payments under non-cancellable operating leases in the year 31 December 2005:

	Land and buildings			Other
	2004	2003	2004	2003
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	414	7,684
Between two and five years	53,475	16,200	88,102	27,297
In over five years	9,500	41,549	-	-
	<u>62,975</u>	<u>57,749</u>	<u>88,516</u>	<u>34,981</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
	2004	2003	in year
	£	£	£
MH Jones	6,686	591	6,686
PM Hargraves	600	344	600

Included within other debtors is a rent deposit of £50,000 held by Mr 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.

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

18 Employees

Number of employees

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

	2004 Number	2003 Number
Direct labour	534	475
Administrative staff	24	21
	<u>558</u>	<u>496</u>

Employment costs

	2004 £	2003 £
Wages and salaries	5,730,626	4,465,662
Social security costs	442,217	325,367
Other pension costs	5,581	2,007
	<u>6,178,424</u>	<u>4,793,036</u>

19 Control

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

20 Related party transactions

During the year there were management charges of £410,000 (2003: £290,000) payable to Europa Facility Holdings Limited, the ultimate parent company. At the balance sheet date the company was owed £69,820 (2003: £65,437) by Europa Facility Holdings Limited.

During the year the company made a loan of £9,900 to Mrs L Jones, the wife of M Jones. At the balance sheet date the company was owed £7,509 which is included in other debtors.