

Aadvark Holdings Limited
Financial Statements
For the year ended 31st March 1998

(Registered in England, Number 2039299)

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Aadvark Holdings Limited

Report of the Director

The director presents his report and financial statements for the year ended 31st March 1998.

Activities and business review

The principal activities of the company during the year was that of a holding and administrative company. The subsidiary companies are all suppliers of cleaning services, equipment and materials.

The turnover and profit before taxation for the year were as follows:

	<u>1998</u>	<u>1997</u>
Turnover	<u>£447,088</u>	<u>£614,207</u>
Profit before taxation	169,263	213,726
Taxation	<u>(29,000)</u>	<u>(54,000)</u>
Profit for the year after taxation	<u>£140,263</u>	<u>£159,726</u>

Dividend

The director does not propose the payment of a dividend on the ordinary share capital.

Fixed assets

Changes in the fixed assets of the company are as shown in the notes to the financial statements.

Directors and their interests

The director who has served during the year and his interest, including family interest, and options in the share capital of the company were as follows:

	Ordinary £1 Shares	
	<u>At 31/3/98</u>	<u>At 1/4/97</u>
S J Hobbs	5,000	5,000

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year or period 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 the financial statements, the directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;

Aadvark Holdings Limited

Report of the Director (Continued)

- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv) 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.

Auditors

A resolution to re-appoint Rothman Pantall & Co as auditors will be proposed at the forthcoming annual general meeting.

On behalf of the board



Director



Date

Report of the Auditors to the Members of

Aadvark Holdings Limited

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described in the report of the directors, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

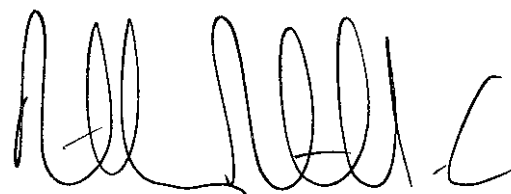
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

4 Prince George Street
Havant, Hants.

8th May 1999



Chartered Accountants
& Registered Auditors

Aadvark Holdings Limited

Profit and Loss Account

for the year ended 31st March 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
Turnover	1	447,088	614,207
Cost of sales		<u>-</u>	<u>-</u>
Gross profit		447,088	614,207
Administrative expenses		(263,408)	(451,091)
Other operating income		<u>1,214</u>	<u>1,616</u>
Operating profit		184,894	164,732
Income from shares in group undertaking		-	50,000
Interest payable and similar charges	2	<u>(15,631)</u>	<u>(1,006)</u>
Profit on ordinary activities before taxation	3	169,263	213,726
Taxation	4	<u>(29,000)</u>	<u>(54,000)</u>
Profit on ordinary activities after taxation		140,263	159,726
Dividends	5	<u>-</u>	<u>-</u>
Retained profit for the year	14	<u>£ 140,263</u>	<u>£ 159,726</u>

Recognised gains and losses

There are no recognised gains and losses other than the profits attributable to the shareholders of the company of £140,263 for the year ended 31st March 1998 (1997 - £159,726).

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

There is no difference between the profit on ordinary activities before taxation and the profit on ordinary activities after taxation stated above and their historical cost equivalents.

The notes on pages 8 to 15 form part of these financial statements.

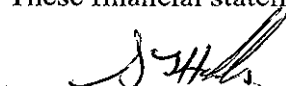
Aadvark Holdings Limited

Balance Sheet

as at 31st March 1998

	Notes	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	6		260,387		262,473
Investments	7		<u>4</u>		<u>2</u>
			260,391		262,475
Current assets					
Debtors	8	362,335		377,611	
Cash at bank and in hand		<u>1,309</u>		<u>2,622</u>	
		363,644		380,233	
Creditors					
Amounts falling due within one year	9	<u>(186,124)</u>		<u>(330,060)</u>	
Net current assets			<u>177,520</u>		<u>50,173</u>
Total assets less current liabilities			437,911		312,648
Creditors					
Amounts falling due after more than one year	10		(120,000)		(135,000)
Provisions for liabilities and charges	11		<u>-</u>		<u>-</u>
			<u>£ 317,911</u>		<u>£ 177,648</u>
Capital and reserves					
Called up share capital	12		5,000		5,000
Capital redemption reserve	14		5,000		5,000
Revaluation reserve	14		56,533		56,533
Profit and loss account	14		<u>251,378</u>		<u>111,115</u>
Shareholders funds	14		<u>£ 317,911</u>		<u>£ 177,648</u>

These financial statements were approved by the board of directors on 8th December 1998

 Director

The notes on pages 8 to 15 form part of these financial statements.

Aadvark Holdings Limited

Accounting Policies

for the year ended 31st March 1998

Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules set out in the 4th Schedule to the Companies Act 1985.

Turnover

Turnover represents amounts invoiced by the company in respect of goods and services provided during the year excluding discounts and value added tax.

Depreciation and amortisation

Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Freehold property	Not provided
Short leasehold property	Over the term of the lease
Fixtures, fittings and equipment	50% per annum straight line
Computer equipment	33% per annum straight line
Motor vehicles	20% per annum straight line

Stocks and work in progress

These are valued on a 'first in, first out' basis at the lower of cost and net realisable value. In respect of work in progress cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

Consolidation

The company and its subsidiaries comprise a medium sized group and the company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. The accounts therefore present information about the company as an individual undertaking and not about its group.

Aadvark Holdings Limited

Accounting Policies

for the year ended 31st March 1998

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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.

Aadvark Holdings Limited

Notes to the Financial Statements

for the year ended 31st March 1998

1. Turnover

Turnover represents the amounts derived from the provision of goods and services, which fall within the company's ordinary activities, all of which are continuing and in the UK net of value added tax.

2. Interest payable and similar charges

	<u>1998</u>	<u>1997</u>
Bank loans and overdrafts	15,000	881
Other loans	<u>631</u>	<u>125</u>
	<u>£15,631</u>	<u>£ 1,006</u>

3. Profit before taxation

The profit before taxation is stated after charging:

	<u>1998</u>	<u>1997</u>
Depreciation of tangible fixed assets	25,016	21,996
Auditors' remuneration	7,890	6,900
Director emoluments		
- remuneration	35,466	247,387
- pension contributions	4,521	5,707
Hire of Equipment	<u>4,948</u>	<u>5,520</u>

4. Taxation

	<u>1998</u>	<u>1997</u>
Taxation based on the profit for the year:		
Corporation tax @ 27.53% (1997 - 31.07%)	29,000	54,000
Deferred taxation	-	-
Underprovision in previous year	<u>-</u>	<u>-</u>
	<u>£ 29,000</u>	<u>£54,000</u>

5. Dividends

	<u>1998</u>	<u>1997</u>
On Ordinary Shares	<u>£ -</u>	<u>£ -</u>

Aadvark Holdings Limited

Notes to the Financial Statements

for the year ended 31st March 1998

6. Tangible fixed assets

	Freehold Property £	Leasehold Improve- ments £	Motor Vehicles £	Computer Equipment £	Furniture Fittings & Equipment £	Total £
Cost or valuation						
At						
1/4/97	200,000	4,674	74,863	21,598	33,789	334,924
Additions	-	-	24,359	948	1,975	27,282
Disposals	-	-	(5,440)	-	(1,620)	(7,060)
At						
31/3/98	<u>200,000</u>	<u>4,674</u>	<u>93,782</u>	<u>22,546</u>	<u>34,144</u>	<u>355,146</u>
Depreciation at						
1/4/97	-	1,872	23,534	14,078	32,967	72,451
Charge in						
year	-	300	18,720	4,633	1,363	25,016
Disposals	-	-	(1,088)	-	(1,620)	(2,708)
At						
31/3/98	<u>-</u>	<u>2,172</u>	<u>41,166</u>	<u>18,711</u>	<u>32,710</u>	<u>94,759</u>
Net book amount						
At						
31/3/98	<u>£200,000</u>	<u>£ 2,502</u>	<u>£52,616</u>	<u>£ 3,835</u>	<u>£ 1,434</u>	<u>£260,387</u>
At						
31/3/97	<u>£200,000</u>	<u>£ 2,802</u>	<u>£ 51,329</u>	<u>£ 7,520</u>	<u>£ 822</u>	<u>£262,473</u>

The freehold property was professionally revalued in 1996. If it had not been revalued it would have been included at its historical cost of £143,467.

Aadvark Holdings Limited

Notes to the Financial Statements

for the year ended 31st March 1998

7. Investments

	<u>1998</u>	<u>1997</u>
Aadvark Services Limited	2	-
Aadvark Cleaning Company Limited	2	2
Aadvark Supplies (Scotland) Limited	1,000	1,000
Less provision	<u>(1,000)</u>	<u>(1,000)</u>
	<u>£ 4</u>	<u>£ 2</u>

The above additional shares were acquired in the newly formed subsidiary Aadvark Services Limited for cash at par value.

The shares in the above represent a 100% interest in the companies which are all incorporated and trading in the United Kingdom.

The company has taken advantage of the exemption contained in Section 248(I) of the Companies Act 1985 and not prepared Group Accounts as the group is medium sized. The following information is extracted from the relevant accounts.

	<u>1998</u>			<u>1997</u>	
	<u>Aadvark Services Ltd</u>	<u>Aadvark Cleaning Co Ltd</u>	<u>Aadvark Supplies (Scotland) Ltd</u>	<u>Aadvark Cleaning Co Ltd</u>	<u>Aadvark Supplies (Scotland) Ltd</u>
Aggregate amount of share capital and reserves	1,325	8,196	(13,472)	78,554	(14,933)
Profit/(loss) for the year after taxation	1,323	(70,358)	1,461	76,135	(10,509)

8. Debtors

	<u>1998</u>	<u>1997</u>
Trade debtors	2,783	5,145
Amounts owed by related companies	348,230	364,982
Other debtors	-	5,251
Prepayments and accrued income	<u>11,322</u>	<u>2,233</u>
	<u>£362,335</u>	<u>£377,611</u>

Aadvark Holdings Limited

Notes to the Financial Statements

for the year ended 31st March 1998

9. Creditors: amounts falling due within one year

	<u>1998</u>	<u>1997</u>
Bank loans and overdrafts	29,995	79,096
Trade creditors	12,683	11,875
Corporation tax	33,384	54,000
Social security and other taxation	27,298	50,229
Other creditors	72,048	24,048
Accruals and deferred income	<u>10,716</u>	<u>110,812</u>
	<u>£186,124</u>	<u>£330,060</u>

The bank loan and overdraft is secured by a fixed charge over the freehold property and a floating charge over all other assets.

10. Creditors: amounts falling due in more than one year

	<u>1998</u>	<u>1997</u>
Bank loans	<u>£120,000</u>	<u>£135,000</u>

The bank loan is repayable by instalments over 10 years and is at market interest rates. The amount of repayable after 5 years from the balance sheet date is £73,100.

11. Provisions for liabilities and charges

Details of the provision for deferred taxation and the full potential liability are as follows:

	<u>Provided</u>	<u>1998</u> <u>Unprovided</u>	<u>Provided</u>	<u>1997</u> <u>Unprovided</u>
Corporation tax deferred in respect of:				
Accelerated capital allowances	-	-	-	-
Other timing differences	-	-	-	-
	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

Aadvark Holdings Limited

Notes to the Financial Statements

for the year ended 31st March 1998

12. Share capital

	<u>1998</u>	<u>1997</u>
Authorised		
10,000 Ordinary Shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
Allotted, called up		
5,000 Ordinary Shares of £1 each fully paid	<u>£ 5,000</u>	<u>£ 5,000</u>

13. Contingencies and commitments

There was no expenditure contracted for, or authorised but not contracted for, at the balance sheet date.

The company has given an unlimited guarantee to the bank in respect of other group companies and a company under common control. The extent of this contingent liability at 31st March 1998 is £19,138. (1997 - £32,954).

14. Share capital, movements on reserves, and reconciliation of movements in shareholders funds

	<u>Share Capital</u>	<u>Capital Rede- mption Reserve</u>	<u>Reval- uation Reserve</u>	<u>Profit & Loss Account</u>	<u>Total Share- holders Funds</u>
Balance at 1/4/96	1,000	-	56,533	217,389	274,922
Shares paid up	9,000	-	-	-	9,000
Transfer on purchase of 5,000 ordinary £1 shares	(5,000)	5,000	-	-	-
Aggregate consideration purchase of 5,000 ordinary £1 shares				(266,000)	(266,000)
Profit attributable to members of the company	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,726</u>	<u>159,726</u>
Balance at 1/4/97	5,000	5,000	56,533	111,115	177,648
Profit attributable to members of the company	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,263</u>	<u>140,263</u>
Balance 31/3/98	<u>£ 5,000</u>	<u>£ 5,000</u>	<u>£ 56,533</u>	<u>£251,378</u>	<u>£317,911</u>

Aadvark Holdings Limited

Notes to the Financial Statements

for the year ended 31st March 1998

15. Related party transactions

The company is controlled by S J Hobbs.

Administration charges of £440,570 have been charged to the subsidiary companies Aadvark Cleaning Ltd, Aadvark Services Ltd and Aadvark Supplies (Scotland) Ltd and related company Aadvark Supplies Ltd. The amounts receivable from related parties are as shown in the note 8 to the accounts.