

EXECUTIVE HOLDINGS LIMITED

Report and Financial Statements

27 February 2000

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K J Fine
J P Flanagan
D Hylton
D Noel
S M C Taylor
D C Zietsman

SECRETARY

S M C Taylor

REGISTERED OFFICE

372 Wandsworth Road
London
SW8 4TE

BANKERS

Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

SOLICITORS

Travers Smith Braithwaite
10 Snow Hill
London
EC1A 2AL

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period from 4 January 1999 to 27 February 2000.

PRINCIPAL ACTIVITIES

The principal activity of the group during the period has been that of industrial and office cleaning contractors together with the provision of security guarding services. The principal activity of the company is that of a holding company providing management services to its subsidiaries.

BUSINESS REVIEW

The business acquired with the purchase of Imperial Cleaning Services has now been fully integrated into the Executive model and this part of the business provided encouraging and consistent results. Overall, as a result of limited sales opportunities, the business did not advance as expected. However, towards the end of the period the bid opportunities saw a marked uplift and a number of substantial contracts were secured. With the company commitment to service excellence and quality, coupled with the strategic need to diversify into other related support service offerings, the group sought investment from Servest Limited, a South African support service company quoted on the Johannesburg Stock Exchange. Servest acquired a 68% shareholding in the company and brings considerable knowledge and resources which the directors feel will influence the success of the group.

DIVIDENDS

The directors paid a dividend of £592,000 during the period (1999: £138,000). After deducting dividends the loss for the period transferred from reserves totals £682,000 (1999: profit of £81,000).

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period were as follows:

K J Fine	(appointed 23 July 1999)
J Flanagan	
D Hylton	
G J Lunt	(resigned 23 July 1999)
D Noel	
M Smith	(resigned 23 July 1999)
S M C Taylor	(appointed 13 August 1999)
D C Ziestman	(appointed 23 July 1999)

The interests of the directors in the shares of the ultimate parent company, Servest Holdings Limited, are shown in the financial statements of that company. The directors who held office at the end of the financial period had the following interests in the shares of Executive Holdings Limited according to the register of directors' interests:

	Class of shares	Interest at end of period	Interest at start of period
J Flanagan	"A" Ordinary	15,625	15,132
D Noel	"A" Ordinary	13,125	12,500
D Hylton	"A" Ordinary	13,125	12,500

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business. The directors continue to monitor the situation but do not anticipate any significant future costs associated with the year 2000 issue.

DIRECTORS' REPORT**EMPLOYEES***Disabled employees*

Applications for employment by disabled persons are always fully considered, bearing in mind the respective attitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled employees should, as far as possible, be identical with that of other employees.

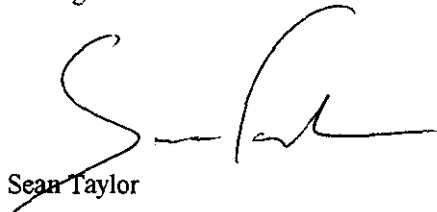
Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

AUDITORS

During the period, Deloitte & Touche replaced KPMG as auditors of the company. In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sean Taylor

Company Secretary

9 August 2000

STATEMENT OF 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 group and company as at the end of the financial year and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF EXECUTIVE HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 22 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 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 group's and 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 affairs of the company and the group as at 27 February 2000 and of the group's loss for the period from 4 January 1999 to 27 February 2000 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche

Deloitte & Touche

Chartered Accountants and
Registered Auditors

9 August 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period ended 27 February 2000

	Note	Period from 4 January 1999 to 27 February 2000 £'000	12 months ended 3 January 1999 £'000
TURNOVER - continuing operations	2	32,906	27,542
Cost of sales		(26,541)	(21,913)
GROSS PROFIT		6,365	5,629
Administrative expenses		(5,779)	(4,881)
OPERATING PROFIT - continuing operations		586	748
Interest receivable and similar income	6	-	7
Interest payable and similar charges	7	(392)	(404)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	194	351
Tax on profit on ordinary activities	8	(284)	(132)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(90)	219
Dividends	9	(592)	(138)
Retained (loss)/profit for the period	19	(682)	81

The profit and loss account shows the entire gains and losses of the company for the current and prior periods.

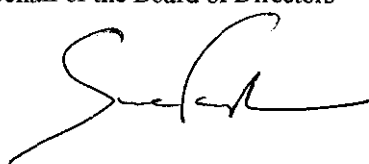
EXECUTIVE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 27 February 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	10	1,082	1,829
Intangible assets	11	6,070	6,399
		<u>7,152</u>	<u>8,228</u>
CURRENT ASSETS			
Stocks	13	32	53
Debtors	14	5,397	4,997
Cash at bank and in hand		782	1,024
		<u>6,211</u>	<u>6,074</u>
CREDITORS: amounts falling due within one year	15	<u>(6,280)</u>	<u>(7,172)</u>
NET CURRENT LIABILITIES		<u>(69)</u>	<u>(1,098)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,083	7,130
CREDITORS: amounts falling due after more than one year	16	<u>(2,776)</u>	<u>(3,642)</u>
NET ASSETS		<u>4,307</u>	<u>3,488</u>
CAPITAL AND RESERVES			
Called up share capital	18	131	127
Share premium	19	4,359	2,862
Profit and loss account	19	(183)	499
SHAREHOLDERS' FUNDS	20	<u>4,307</u>	<u>3,488</u>
Analysis of shareholders' funds			
Equity interests		4,307	738
Non-equity interests		-	2,750
		<u>4,307</u>	<u>3,488</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

S Taylor
Director



9/8 2000.

EXECUTIVE HOLDINGS LIMITED

BALANCE SHEET

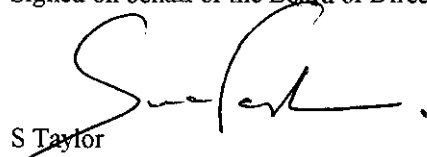
27 February 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Investments	12	<u>100</u>	<u>100</u>
CURRENT ASSETS			
Debtors	14	7,874	7,930
CREDITORS: amounts falling due within one year	15	<u>(1,923)</u>	<u>(1,824)</u>
NET CURRENT ASSETS		<u>5,951</u>	<u>6,106</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,051	6,206
CREDITORS: amounts falling due after more than one year	16	<u>(2,525)</u>	<u>(3,210)</u>
NET ASSETS		<u><u>3,526</u></u>	<u><u>2,996</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	131	127
Share premium account	19	4,359	2,862
Profit and loss account	19	(964)	7
SHAREHOLDERS' FUNDS		<u><u>3,526</u></u>	<u><u>2,996</u></u>
Analysis of shareholders' funds			
Equity interests		3,526	246
Non-equity interests		<u>-</u>	<u>2,750</u>
		<u><u>3,526</u></u>	<u><u>2,996</u></u>

These financial statements were approved by the Board of Directors on

9/8 2000.

Signed on behalf of the Board of Directors



S Taylor
Director

CONSOLIDATED CASH FLOW STATEMENT

Period ended 27 February 2000

	Note	Period from 4 January 1999 to 27 February 2000 £'000	12 months ended 3 January 1999 £'000
Cash inflow from operating activities	23	667	1,326
Returns on investments and servicing of finance	24	(484)	(535)
Taxation		(100)	(523)
Capital expenditure and financial investment	24	220	(1,087)
Acquisitions and disposals	24	(79)	(2,549)
Equity dividends paid		(500)	-
Financing	24	699	3,653
Increase in cash in the period		423	285

Reconciliation of net cash flow to movement in net debt

	Note	Period from 4 January 1999 to 27 February 2000 £'000	12 months ended 3 January 1999 £'000
Increase in cash in the period		423	285
Cash outflow/(inflow) from increase in debt and lease financing		808	(3,659)
Movement in net debt in the period		1,231	(3,374)
Net debt at the start of the period		(5,186)	(1,812)
Net debt at the end of the period	25	(3,955)	(5,186)

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 27 February 2000.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertaking acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and amortised over a period of 20 years. Any excess of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any impairment in value.

Under section 230(4) of the Companies Act 1985 Executive Holdings Limited is exempt from the requirement to present its own profit and loss account. During the period, Executive Holdings Limited made a loss of £971,000 (1999: loss of £168,000).

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Fixtures and fittings	-	20% per annum
Motor vehicles	-	25% reducing balance
Plant and machinery	-	25% per annum

No depreciation is provided on freehold property.

Post-retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

1. ACCOUNTING POLICIES (continued)

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2. ANALYSIS OF TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities before taxation was derived entirely in the United Kingdom from the principal activity of the company.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period from 4 January 1999 to 27 February 2000 £'000	12 months ended 3 January 1999 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Group - Audit	21	27
- Other services	4	22
Company - Audit	3	3
- Other services	1	2
Loss on disposal of fixed assets	73	19
Depreciation - Owned	338	282
Depreciation - Held under finance leases	80	145
Amortisation of goodwill	408	292
Rentals payable under operating leases – plant and machinery	290	253
	<u> </u>	<u> </u>

4. REMUNERATION OF DIRECTORS

	Period from 4 January 1999 to 27 February 2000 £'000	12 months ended 3 January 1999 £'000
Directors' emoluments	499	510
Pension contributions	29	19
	<u>528</u>	<u>529</u>

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

4 REMUNERATION OF DIRECTORS (continued)

The emoluments, excluding pension contributions, of the highest paid director were £124,000 (1999: £158,000). During the period, pension contributions of £5,312 were paid in respect of the highest paid director.

Four directors were members of the money purchase pension scheme at the period end (1999: 5)

5. STAFF NUMBERS AND COSTS

The average number of persons employed (including directors) during the period, analysed by category, was as follows:

	Period from 4 January 1999 to 27 February 2000	12 months ended 3 January 1999
Number of employees		
Direct	3,141	3,880
Sales	8	7
Administrative	95	93
	<u>3,244</u>	<u>3,980</u>

The aggregate payroll costs of these persons were as follows:

	Period from 4 January 1999 to 27 February 2000 £'000	12 months ended 3 January 1999 £'000
Wages and salaries	25,084	20,577
Social security costs	1,526	1,275
Other pension costs	73	79
	<u>26,683</u>	<u>21,931</u>

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 4 January 1999 to 27 February 2000 £'000	12 months ended 3 January 1999 £'000
Other interest receivable	-	7

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 4 January 1999 to 27 February 2000 £'000	12 months ended 3 January 1999 £'000
On bank loans and overdrafts	378	376
Finance charges payable in respect of finance leases and hire purchase contracts	14	28
	<u>392</u>	<u>404</u>

8. TAXATION

	Period from 4 January 1999 to 29 February 2000 £'000	12 months ended 3 January 1999 £'000
UK corporation tax at 30% (1999: 31%)	246	104
Under provision in prior years	38	28
	<u>284</u>	<u>132</u>

The tax charge is high due to under provided corporation tax in the prior period and a high level of disallowed expenditure for tax purposes, including goodwill amortisation of £408,000, in the current period.

9. DIVIDENDS

	Period from 4 January 1999 to 29 February 2000 £'000	12 months ended 3 January 1999 £'000
Dividends on equity shares - paid	500	-
Preference dividends - paid	92	138
	<u>592</u>	<u>138</u>

NOTES TO THE ACCOUNTS
Period ended 27 February 2000

10. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 4 January 1999	324	1,581	874	924	3,703
Additions	14	142	100	9	265
Disposals	(87)	(398)	(38)	(791)	(1,314)
At 27 February 2000	251	1,325	936	142	2,654
Depreciation:					
At 4 January 1999	1	1,066	476	331	1,874
Charge for the period	-	232	138	48	418
Disposals	(1)	(398)	(39)	(282)	(720)
At 27 February 2000	-	900	575	97	1,572
Net book value					
At 27 February 2000	251	425	361	45	1,082
At 3 January 1999	323	515	398	593	1,829

Included in the total net book value of fixed assets is £167,000 (1999: £614,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £80,000 (1999: £145,000).

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000
At 4 January 1999	6,947
Adjustment to goodwill arising on previous period's acquisition of Executive Cleaning Services Limited	79
At 27 February 2000	7,026
Amortisation	
At 4 January 1999	548
Charge for the period	408
At 27 February 2000	956
Net book value	
At 27 February 2000	6,070
At 3 January 1999	6,399

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

12. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £'000
Cost	
At 4 January 1999 and 27 February 2000	<u>100</u>

Name of subsidiary	Principal activity	Class of shares held	Percentage of shares held
Executive Group Limited	Industrial and office cleaning contractors	Ordinary	100%
Executive Cleaning Services Limited	Dormant	Ordinary	100%
Galtair Investments Limited	Dormant	Ordinary	100%
Executive Healthcare Services Limited	Dormant	Ordinary	100%
Executive Security Limited	Dormant	Ordinary	100%
Imperial Cleaning Services Group Ltd	Dormant	Ordinary	100%

The subsidiary companies set out above are all incorporated in England and Wales. All subsidiaries are included in the consolidated accounts.

13. STOCKS

	2000 Group £'000	2000 Company £'000	1999 Group £'000	1999 Company £'000
Consumables	<u>32</u>	<u>-</u>	<u>53</u>	<u>-</u>

14. DEBTORS

	2000 Group £'000	2000 Company £'000	1999 Group £'000	1999 Company £'000
Unpaid share capital	-	-	55	55
Trade debtors	4,200	-	4,056	-
Amounts owed by group undertakings	-	7,874	-	7,875
Other debtors	26	-	6	-
Prepayments and accrued income	<u>1,171</u>	<u>-</u>	<u>880</u>	<u>-</u>
	<u>5,397</u>	<u>7,874</u>	<u>4,997</u>	<u>7,930</u>

All debtors are expected to be recoverable within one year of the period end.

NOTES TO THE ACCOUNTS**Period ended 27 February 2000****15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000	2000	1999	1999
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,891	1,873	2,377	1,721
Obligations under finance leases and hire purchases contracts	70	-	191	-
Trade creditors	324	-	853	-
Amounts owed to group undertakings	14	-	-	-
Corporation tax	227	-	70	-
Other taxation and social security	1,836	-	1,635	17
Accruals and deferred income	1,918	50	2,046	86
	<u>6,280</u>	<u>1,923</u>	<u>7,172</u>	<u>1,824</u>

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

	2000	2000	1999	1999
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank loans	2,665	2,525	3,372	3,210
Obligations under finance leases and hire purchase contracts	111	-	270	-
	<u>2,776</u>	<u>2,525</u>	<u>3,642</u>	<u>3,210</u>

Bank loans and overdrafts are secured by a debenture undertaking over the trade and assets of the company and cross guarantees provided by the subsidiaries of the group. Interest on the bank loan is charged at 2% above base rate.

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Analysis of debt:	2000 Group £'000	2000 Company £'000	1999 Group £'000	1999 Group £'000
Debt can be analysed as falling due:				
In one year or less, or on demand	1,891	1,873	2,377	1,721
Between one and two years	736	700	493	475
Between two and five years	1,929	1,825	2,789	2,735
After five years	-	-	90	-
	<u>4,556</u>	<u>4,398</u>	<u>5,749</u>	<u>4,931</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2000 £'000	1999 £'000
Within one year	70	191
In the second to fifth years	<u>111</u>	<u>270</u>
	<u>181</u>	<u>461</u>

17. DEFERRED TAXATION

The amount of deferred tax assets/(liabilities) not provided are set out below:

	2000 Group £'000	2000 Company £'000	1999 Group £'000	1999 Group £'000
Difference between accumulated depreciation and amortisation and capital allowances	6	-	14	-
Other timing differences	<u>3</u>	<u>-</u>	<u>(23)</u>	<u>-</u>
	<u>9</u>	<u>-</u>	<u>(9)</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

18. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised:		
Equity shares		
120,000 Ordinary shares of £1 each	-	120
42,906 "A" Ordinary shares of £1 each	43	-
87,953 "B" Ordinary shares of £1 each	88	-
5,709,400 "C" Ordinary shares of 0.01p each	1	-
Non-equity		
2,750,000 Redeemable cumulative preference shares of 1p each	-	27
	<u>132</u>	<u>147</u>
Allotted, called up		
Equity shares		
"A" Ordinary shares of £1 each	43	43
"B" Ordinary shares of £1 each	87	57
"C" Ordinary shares of 0.01p each	1	-
Non-equity		
Redeemable cumulative preference shares of 1p each	-	27
	<u>131</u>	<u>127</u>
Fully paid		
Equity shares		
"A" Ordinary shares of £1 each	43	43
"B" Ordinary shares of £1 each	87	2
"C" Ordinary shares of 0.01p each	1	-
Non-equity		
Redeemable cumulative preference shares of 1p each	-	27
	<u>131</u>	<u>72</u>

"A" shares and "B" shares rank pari passu. Each "C" ordinary share shall confer upon the holder thereof the right to vote (expressed as a fraction) per such share as is represented by x where x is equal to 57,094 divided by the aggregate of the total number of "B" and "C" ordinary shares in issue. On a dividend being declared in respect of all the ordinary shares in the company, each of the "C" ordinary shares shall confer upon the respective holder thereof the right to receive an identical proportion of the dividend so declared as is equal to the proportion of the total voting rights on a poll attaching to all of the ordinary shares of all classes of ordinary share in the capital of the company which is attributable to each "C" ordinary share on the date upon which such dividend is declared.

During the period, 30,288 "B" shares and 5,709,400 "C" shares were allotted for consideration of £4,306,000. In addition, 27,500 preference shares were redeemed for consideration and costs of £2,751,000.

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

19. SHARE PREMIUM AND RESERVES

	Group	
	Share premium account £'000	Profit and loss account £'000
At beginning of period	2,862	499
Redemption of existing share capital	(2,723)	-
Issue of new share capital	4,220	-
Retained loss for the period	-	(682)
At end of period	4,359	(183)

	Company	
	Share premium account £'000	Profit and loss account £'000
At beginning of period	2,862	7
Redemption of existing share capital	(2,723)	-
Issue of new share capital	4,220	-
Retained loss for the period	-	(971)
	4,359	(964)

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

20. RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Opening shareholders funds	3,488	3,407
(Loss)/profit for the financial period	(90)	219
Dividends paid	(592)	(138)
Redemption of share capital	(2,884)	-
New share capital subscribed	4,385	-
Closing shareholders' funds	<u>4,307</u>	<u>3,488</u>

21. COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

Group	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	281	-	43
In the second to fifth years inclusive	-	389	149	31
Over five years	-	-	18	-
	<u>-</u>	<u>670</u>	<u>167</u>	<u>74</u>

Company

The company has no annual commitments under non-cancellable operating leases (1999:£nil).

22. PENSION SCHEME

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the fund and amounted to £73,000 (1999: £79,000). There were no amounts outstanding at the end of the period.

23. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2000 £'000	1999 £'000
Operating profit	586	748
Loss on disposal of fixed assets	73	19
Depreciation charge	418	427
Amortisation of goodwill	408	292
Decrease in stocks	21	9
Increase in debtors	(397)	(686)
(Decrease)/increase in creditors	(442)	517
Net cash inflow from operations	<u>667</u>	<u>1,326</u>

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

24. ANALYSIS OF CASH FLOWS

	2000 £'000	1999 £'000
Returns on investment and servicing of finance		
Interest received (see note 6)	-	7
Interest paid (see note 7)	(378)	(376)
Preference dividend paid (see note 9)	(92)	(138)
Interest element of finance lease rental payments (see note 7)	(14)	(28)
	<u>(484)</u>	<u>(535)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(265)	(1,193)
Sale of tangible fixed assets	485	106
	<u>220</u>	<u>(1,087)</u>
	2000	1999
	£'000	£'000
Acquisition and disposals		
Purchase of subsidiary undertakings	-	(1,781)
Overdraft acquired with subsidiary	-	(768)
Deferred consideration paid	(79)	-
	<u>(79)</u>	<u>(2,549)</u>
	2000	1999
	£'000	£'000
Financing		
Issue of share capital	4,306	-
Redemption of share capital	(2,799)	-
New borrowings	179	4,003
Repayment of borrowings	(707)	(350)
Capital element of finance lease rental payments	(280)	-
	<u>699</u>	<u>3,653</u>

25. ANALYSIS OF NET DEBT

	At beginning of period £'000	Cash £'000	At end of period £'000
Cash in hand, at bank	1,024	(242)	782
Overdrafts	(1,884)	665	(1,219)
Net overdraft	(860)	423	(437)
Debt due within one year	(493)	179	(672)
Debt due after one year	(3,372)	(707)	(2,665)
Finance leases	(461)	(280)	(181)
Total	<u>(5,186)</u>	<u>(1,231)</u>	<u>(3,955)</u>

NOTES TO THE ACCOUNTS

Period ended 27 February 2000

26. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption which is conferred by Financial Reporting Standard No. 8 "Related Party Transactions" that allows it not to disclose transactions with group undertakings that are eliminated on consolidation.

27. ULTIMATE PARENT COMPANY

The immediate parent of the company is Servest Limited, a company incorporated in Great Britain. The ultimate parent and controlling party is Servest Holdings Limited, a company incorporated in South Africa. Copies of the accounts of both entities can be obtained from 372 Wandsworth Road, London, SW8 4TE.