

STERLING GRANADA CONTRACT SERVICES LIMITED

(Now Rentokil Dormant (No.1) Limited)

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1994

Registered Number 41138



STERLING GRANADA CONTRACT SERVICES LIMITED

DIRECTORS

JT Adams	-	resigned 24 January 1995
CL Allen	-	resigned 4 November 1994
SL Cartwright	-	resigned 4 November 1994
PB Coleridge	-	resigned 4 November 1994
MM Darley	-	resigned 4 November 1994
DR Evans	-	resigned 23 November 1994
A Frew	-	resigned 4 November 1994
GJ Parrott	-	resigned 4 November 1994
RJ Platais	-	appointed 4 November 1994
		resigned 5 May 1995
AM Robertson	-	resigned 4 November 1994
AJ Senior	-	resigned 4 November 1994
HE Staunton	-	resigned 4 November 1994
JB St J Tibbitts	-	resigned 4 November 1994
CM Thompson	-	appointed 4 November 1994
RC Payne	-	appointed 4 November 1994
D Stopford	-	appointed 4 November 1994
MF Tunnell	-	appointed 4 November 1994

SECRETARY

GT Brown	-	appointed 4 November 1994
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AUDITORS

KPMG
PO Box 695
8 Salisbury Square
LONDON
EC4Y 8BB

REGISTERED OFFICE

Felcourt
East Grinstead
West Sussex
RH19 2JY

STERLING GRANADA CONTRACT SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report, together with the audited accounts of the company for the year ended 30 September 1994, which will be laid before the members at the annual general meeting.

CHANGE OF NAME

It was resolved at an extraordinary general meeting held on 31 January 1995 that the name of the company be changed from Sterling Granada Contract Services Limited to Rentokil Dormant (No.1) Limited.

PROFIT AND LOSS ACCOUNT

The profit for the year, after taxation, amounted to £161,000 (1993 - £203,000). This has been transferred to reserves. The directors do not recommend the payment of a dividend for 1994 (1993:£200,000).

PRINCIPAL ACTIVITY

The main trading object for which the company was incorporated is the carrying on of a business of security services and secure storage.

REVIEW OF OPERATIONS

On the 1 November 1993 the company acquired the entire issued share capital of Clyde Security (Commissionaires) Limited and on 1 January 1994 the company acquired the business of Knight Security. On 4 November 1994 the company's own entire issued share capital was acquired by Securiguard Services Limited, itself a member of the Rentokil group of companies. On the same date the company's holdings in the London Silver Vaults and Chancery Lane Safe Deposit Company Limited was transferred to Granada Contract Services Limited (formerly Granada Total Facilities Management Limited) for nil consideration. On 31 January 1995 the company's trade and assets and liabilities were transferred at no gain or loss to Securiguard Services Limited.

TANGIBLE FIXED ASSETS

During the year the company purchased and disposed of a number of tangible fixed assets. Details of these movements are shown in Note 7 to the accounts.

STERLING GRANADA CONTRACT SERVICES LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS INTERESTS

The directors named on page 1, except where shown, held office throughout the year. Mr CM Thompson is a director of Rentokil Group PLC and his interests in Rentokil Group PLC are shown in the accounts of that company. Messrs RC Payne and MF Tunnell are directors of Rentokil Limited and their interests in Rentokil Group PLC are shown in the accounts of Rentokil Limited. Mr D Stopford is a director of Securiguard Group plc and his interests in Securiguard Group companies and Rentokil Group companies are shown in the accounts of Securiguard Group plc. Messrs GJ Parrott and HE Staunton are directors of Granada Group PLC and their interests in that group are shown in the accounts of that company.

The following directors held a beneficial interest in Granada Group shares at 30 September 1994.

	<u>30 September 1994</u>	<u>1 October 1993</u>
P Coleridge	614	672
J Tibbitts	1,110	1,087
A Frew	1,728	-
A Robertson	934	934

None of the directors listed held interests in the shares of this company or of its subsidiaries.

SHARE OPTIONS - WITH GRANADA GROUP PLC

	<u>P</u> <u>Coleridge</u>	<u>J</u> <u>Tibbitts</u>	<u>J (acting as</u> <u>Tibbitts</u> <u>Trustee)</u>
At 1 October 1993	100,911	76,998	2,062,020
Granted during the year	41,369	41,369	
Exercised during the year	-	-	(638,111)
At 30 September 1994	<u>142,280</u>	<u>118,367</u>	<u>1,423,909</u>

	<u>A</u> <u>Frew</u>	<u>S</u> <u>Cartwright</u>	<u>A</u> <u>Robertson</u>
At 1 October 1993	31,965	20,500	47,155
Granted during the year	12,500	19,369	28,495
Exercised during the year	(21,965)	(10,500)	-
At 30 September 1994	<u>22,500</u>	<u>29,369</u>	<u>75,650</u>

At 30 September 1994 the above directors held options under the Granada Group share option scheme to subscribe for shares in that Group at prices ranging from 144p to 494p expiring between August 1999 and June 2004 depending on the date of the grant.

STERLING GRANADA CONTRACT SERVICES LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

The director retiring by rotation is CM Thompson who is eligible and offers himself for re-election.

The registers of directors' interests in both Granada Group PLC and Rentokil Group PLC, which are open for inspection, contain full details of all directors' shareholdings of both groups and options to subscribe for shares in those groups.

The immediate parent company has purchased cover for the directors against liabilities in relation to the company, as permitted by the Companies Act 1985.

EMPLOYEES

All employees are regularly informed, by way of company bulletins, of matters affecting the company that may concern them.

EMPLOYMENT OF DISABLED PERSONS

The company recognises its obligations towards disabled persons and its policy and practice is to give full and fair consideration to applications for employment made by disabled persons, to encourage the training, career development and promotion of disabled persons on the basis of their aptitudes and abilities and to retain and retrain employees who become disabled.

STERLING GRANADA CONTRACT SERVICES LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 these accounts, the directors have:

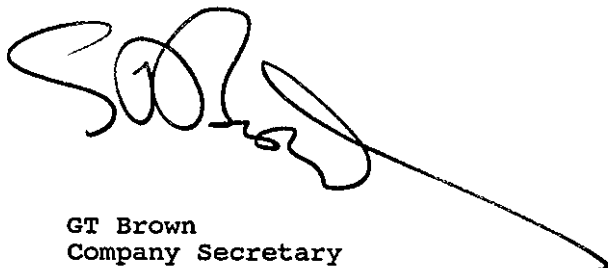
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards;
- prepared the accounts on a going concern basis.

The directors are responsible for ensuring that the company keeps 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 accounts 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

KPMG resigned as auditors on 23 November 1995. Price Waterhouse were appointed as auditors on the same date and have indicated their willingness to continue as auditors to the company and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board



GT Brown
Company Secretary

Felcourt
East Grinstead
West Sussex
RH19 2JY

23 November 1995

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
STERLING GRANADA CONTRACT SERVICES LIMITED**

We have audited the accounts on pages 7 to 16.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 September 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG


KPMG
Chartered Accountants
and Registered Auditors
PO Box 695
8 Salisbury Square
LONDON
EC4Y 8BB

23 November 1995

STERLING GRANADA CONTRACT SERVICES LIMITED

ACCOUNTING POLICIES - 30 SEPTEMBER 1994

Basis of Preparation

The company prepares its accounts on the basis of historical cost modified to include the periodic revaluation of its leasehold properties. The company accounts have been prepared in accordance with the Companies Act 1985 as amended by the Companies Act 1989 and applicable accounting standards.

In accordance with paragraph 8c of FRS 1, the company, being the wholly owned subsidiary of Granada Group PLC, and subsequently Rentokil Group PLC, which themselves prepare a cash flow statement including the cash flow of this company, has not prepared such a statement itself.

Consolidated Accounts

The company is exempt from the requirement to prepare group accounts, as it is a wholly owned subsidiary of Rentokil Group PLC and previously Granada Group PLC. Both companies are registered in England. These accounts, therefore, present financial information about the company as an individual undertaking.

Goodwill

Goodwill represents the difference between the costs of acquisition and the fair value of the net tangible assets acquired. Goodwill is written off to reserves in the year of acquisition.

Leasehold Property

Leasehold land and buildings of more than 50 years duration are stated either at cost or at their revalued amounts. No provision is made for amortisation of these properties. Leases of less than 50 years duration which are not revalued are amortised at 20% per annum or over the period of the lease if shorter.

Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less depreciation. Provision for depreciation of all tangible fixed assets of the company is made on a straight line basis over the the expected life of the asset concerned at the following annual rates:

plant and machinery	5% - 20%
fixtures, fittings and equipment	20%

STERLING GRANADA CONTRACT SERVICES LIMITED

ACCOUNTING POLICIES - 30 SEPTEMBER 1994 (CONTINUED)

Deferred Tax

Provision for deferred tax receivable and payable is made at rates currently expected when income, expenditure and depreciation falls into different periods for accounting and for taxation purposes, to the extent that it is probable that a tax benefit or charge will crystallise.

Pension Costs

The company participated in a defined benefit pension scheme operated by Granada Group PLC. The expected cost of pensions in respect of the company's participation in the scheme was charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees based on pension costs across the Granada Group as a whole. Variations from the regular costs were spread over the remaining service lives of current employees in the scheme across the Granada Group.

On the 1 April 1995 the employees of the company were invited to join the Rentokil Group defined pensions benefit schemes.

The pension costs are assessed in accordance with the advice of independent consulting actuaries and accounted for in accordance with Statement of Standard Accounting Practice No.24.

Operating Leases

Rentals payable under operating leases are charged to the profit and loss account in equal amounts over the duration of the lease.

STERLING GRANADA CONTRACT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1994

	<u>1994</u> £'000	9 months to <u>1 October 1993</u> £'000
TURNOVER (Note 1)	23,904	16,025
COST OF SALES	(16,025)	(11,714)
GROSS PROFIT	7,879	4,311
Administrative Expenses	(6,880)	(4,034)
OPERATING PROFIT	999	277
Other interest receivable and similar income	25	81
Amounts written off investments (Note 14)	(569)	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	455	358
Tax on profit on ordinary activities (Note 5)	(294)	(155)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	161	203
Dividends	—	(200)
RETAINED PROFIT FOR THE YEAR	<u>161</u>	<u>3</u>

The results for the year are wholly attributable to the continuing operations of the company in all material aspects.

There is no material difference between the results disclosed above and the result on an unmodified historical cost basis.

There were no recognised gains or losses except as shown above.

The notes on pages 11 to 16 form part of the accounts.

STERLING GRANADA CONTRACT SERVICES LIMITED

BALANCE SHEET - 30 SEPTEMBER 1994

	<u>1994</u>	<u>1993</u>
	£'000	£'000
FIXED ASSETS		
Tangible assets (Note 7)	2,741	2,483
Investments (Note 14)	<u>81</u>	<u>-</u>
	<u>2,822</u>	<u>2,483</u>
CURRENT ASSETS		
Stocks (Note 8)	117	173
Debtors (Note 9)	4,972	3,715
Cash at bank and in hand	<u>1,817</u>	<u>2,053</u>
	6,906	5,941
CREDITORS (Amounts falling due within one year) (Note 10)	<u>(6,324)</u>	<u>(5,117)</u>
NET CURRENT ASSETS	<u>582</u>	<u>824</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	3,404	3,307
PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation (Note 11)	<u>(5)</u>	<u>(39)</u>
	<u>3,399</u>	<u>3,268</u>
CALLED UP SHARE CAPITAL		
2% non-cumulative deferred shares of £1 each. Authorised, allotted and fully paid (Note 12)	100	100
Ordinary shares of £1 each Authorised, allotted and fully paid	1	1
REVALUATION RESERVE	1,195	1,195
PROFIT AND LOSS ACCOUNT (Note 6)	<u>2,103</u>	<u>1,972</u>
SHAREHOLDERS' FUNDS		
Equity	3,299	3,168
Non-equity	<u>100</u>	<u>100</u>
	<u>3,399</u>	<u>3,268</u>

The notes on pages 11 to 16 form part of the accounts.

Approved by the board on 23 November 1995

RC Payne
Director

STERLING GRANADA CONTRACT SERVICES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1994

1 TURNOVER

Turnover represents the invoiced value of goods sold and services rendered during the year exclusive of value added tax. The turnover is attributable to the principal activity of the company and all arises within the United Kingdom.

2 PROFIT BEFORE TAXATION

The profit on ordinary activities before taxation was arrived at after charging:

	<u>1994</u>	<u>9 months to</u> <u>1 October 1993</u>
	<u>£'000</u>	<u>£'000</u>
Depreciation	255	154
Directors' remuneration	193	139
Hire of machinery and equipment	421	333
Auditors' remuneration - audit fee	<u>2</u>	<u>8</u>
Staff costs:		
Wages and salaries	17,614	11,872
Social security costs	1,440	1,073
Other pension costs	<u>136</u>	<u>127</u>
	<u>19,190</u>	<u>13,072</u>

The directors' remuneration includes pension contributions of £9,000 (1993:£6,000).

The company was a member of the Granada Group Pension Scheme, a funded scheme. The scheme is defined benefit in nature and administered under a trust. Formal actuarial valuations of the main scheme are carried out triennially by William M Mercer Limited, consulting actuaries, using the project unit method, the latest being on 10 October 1992 at which date the scheme was fully funded. Further details of the scheme may be found in the accounts of Granada Group PLC.

3 DIRECTORS' REMUNERATION

	<u>1994</u>	<u>1993</u>
	<u>Number</u>	<u>Number</u>
Chairman's emoluments	Nil	Nil
Highest paid director's emoluments (excluding pension contributions)	54	41
Analysis of directors' emoluments: (excluding pension contributions)		
	<u>Number</u>	<u>Number</u>
£ Nil - £ 5,000	7	3
£ 30,001 - £ 35,000	-	2
£ 35,001 - £ 40,000	-	1
£ 40,001 - £ 45,000	2	1
£ 45,001 - £ 50,000	1	-
£ 50,001 - £ 55,000	1	-

Certain directors (including the Chairman) were remunerated by other Granada Group undertakings and accordingly these emoluments and numbers are not included above but are set out in the accounts of those companies.

STERLING GRANADA CONTRACT SERVICES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1994 (CONTINUED)

4	EMPLOYEES	1994	9 months to
		<u>Number</u>	<u>1 October 1993</u>
			<u>Number</u>
	The average number of employees during the year was made up as follows:		
	Guarding and car parks	1,361	1,177
	Administration	<u>164</u>	<u>151</u>
		<u>1,525</u>	<u>1,328</u>
5	TAXATION	1994	9 months to
		<u>£'000</u>	<u>1 October 1993</u>
			<u>£'000</u>
	Comprising:		
	UK corporation tax at 33% (1993:33%)	328	116
	Deferred (Note 11)	<u>(34)</u>	<u>39</u>
		<u>294</u>	<u>155</u>
6 (i)	PROFIT AND LOSS ACCOUNT	£'000	
	At 1 October 1993	1,972	
	Profit for the financial year	161	
	Goodwill written off (Note 15)	<u>(30)</u>	
	At 30 September 1994	<u>2,103</u>	
(ii)	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1994	9 months to
		<u>£'000</u>	<u>1 October 1993</u>
			<u>£'000</u>
	Profit for the financial year	161	203
	Dividends	<u>-</u>	<u>(200)</u>
		161	3
	Goodwill written off (Note 15)	<u>(30)</u>	<u>(130)</u>
	Net addition/(reduction) to shareholders' funds	131	(127)
	Opening shareholders' funds	<u>3,268</u>	<u>3,395</u>
	Closing shareholders' funds	<u>3,399</u>	<u>3,268</u>

STERLING GRANADA CONTRACT SERVICES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1994 (CONTINUED)

7 TANGIBLE FIXED ASSETS

	Long Leasehold <u>Property</u> £'000	Short Leasehold <u>Property</u> £'000	Motor <u>Vehicles</u> £'000	<u>Total</u> £'000
<u>Cost or Valuation</u>				
At 1 October 1993	1,750	4	1,121	2,875
Additions	-	-	513	513
Disposals	-	-	(13)	(13)
At 30 September 1994	<u>1,750</u>	<u>4</u>	<u>1,621</u>	<u>3,375</u>
<u>Aggregate Depreciation</u>				
At 1 October 1993	-	1	391	392
Disposals	-	-	(13)	(13)
Depreciation for the year	-	-	<u>255</u>	<u>255</u>
At 30 September 1994	<u>-</u>	<u>1</u>	<u>633</u>	<u>634</u>
<u>Net Book Amount</u>				
At 30 September 1994	* <u>1,750</u>	<u>3</u>	<u>988</u>	<u>2,741</u>
At 1 October 1993	<u>1,750</u>	<u>3</u>	<u>730</u>	<u>2,483</u>

The company's long leasehold property was revalued at 31 December 1992. The valuation was made on the basis of the market value for existing use. The book amount of the property was adjusted for the revaluation and the resultant net surplus was credited to the revaluation reserve. No provision has been made for the liability to tax that might arise on the sale of the property, as the directors do not anticipate that such a liability will crystallise.

* If the revalued property was stated on the historic cost basis the amount would be £540,000.

8 STOCKS

	<u>1994</u> £'000	<u>1993</u> £'000
Raw materials and consumables	<u>117</u>	<u>173</u>

There is no material difference between the replacement value of stocks and the above amounts.

STERLING GRANADA CONTRACT SERVICES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1994 (CONTINUED)

9	DEBTORS	<u>1994</u>	<u>1993</u>
		£'000	£'000
	Trade debtors	3,440	1,414
	Amounts owed by parent and fellow subsidiary undertakings	31	11
	Amounts owed by subsidiary undertakings	120	-
	Other debtors	253	766
	Prepayments and accrued income	<u>1,128</u>	<u>1,524</u>
		<u>4,972</u>	<u>3,715</u>
10	CREDITORS	<u>1994</u>	<u>1993</u>
		£'000	£'000
	Trade creditors	978	605
	Amounts owed to parent and fellow subsidiary undertakings	918	933
	Corporation tax	338	145
	Other tax and social security	1,807	1,355
	Other creditors	813	1,173
	Accruals and deferred income	<u>1,470</u>	<u>906</u>
		<u>6,324</u>	<u>5,117</u>
11	DEFERRED TAXATION	<u>1994</u>	<u>1993</u>
		£'000	£'000
	Deferred taxation provided in the accounts is as follows:		
	Accelerated capital allowances	5	21
	Short term timing differences	<u>-</u>	<u>18</u>
		<u>5</u>	<u>39</u>
	Movement on the provision for deferred taxation is as follows:		
	At 1 October 1993	39	
	Transfer to profit and loss account (Note 7)	<u>(34)</u>	
	At 30 September 1994	<u>5</u>	

There is no unprovided deferred tax at 30 September 1994 other than that mentioned in Note 7

STERLING GRANADA CONTRACT SERVICES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1994 (CONTINUED)

12 DEFERRED SHARES

The 2% non-cumulative Deferred Shares of £1 each have no dividend rights and, on a winding up of the company, the holders shall be entitled to receive out of the surplus assets of the company remaining after payment of its liabilities and repayment of capital on the Ordinary Shares, the sum of £1 per share only and shall not confer on such holder of Deferred Shares any other right to or participation in the assets of the company.

The 2% non-cumulative Deferred Shares have no voting rights.

13 OPERATING LEASE COMMITMENTS

The company has annual lease commitments in respect of properties, vehicles and plant and equipment as detailed below:

	<u>1994</u>		<u>1993</u>	
	<u>Property</u>	<u>Other</u>	<u>Property</u>	<u>Other</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Operating leases which expire				
Within 1 year	-	138	32	50
Within 2-5 years	181	322	147	258
After 5 years	<u>268</u>	<u>-</u>	<u>210</u>	<u>-</u>
	<u>449</u>	<u>460</u>	<u>389</u>	<u>308</u>

14 FIXED ASSET INVESTMENTS

1994
£'000

At 1 October 1993

-

Addition:

Clyde Security Commissionaires Limited 650

Provisions:

Provided in year on transfer of
business to parent company

(569)

At 30 September 1994

81

The investment at 30 September 1994 represents a 100% interest in Clyde Security (Commissionaires) Limited incorporated and operating in Scotland in the business of supplying security personnel.

15 ACQUISITIONS

The company acquired the business of Knight Security during the year for £30,000. (A further payment of the same amount is due in the year to 30 September 1995). The fair value of the acquisition was £Nil giving rise to a goodwill figure of £30,000.

STERLING GRANADA CONTRACT SERVICES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1994 (CONTINUED)

16 ULTIMATE PARENT COMPANY

Following the acquisition by Rentokil Group PLC of the company's entire issued share capital, the ultimate parent company is now Sophus Berendsen A/S, a company incorporated in Denmark. Copies of the Sophus Berendsen accounts can be obtained from 1 Klausdalsbrovej, DK2860 Soborg, Denmark.

The immediate parent company is Securiguard Services Limited, a wholly owned subsidiary of Rentokil Group PLC, a company registered in England. Copies of the Rentokil Group PLC accounts can be obtained from Felcourt, East Grinstead, West Sussex, RH19 2JY.

17 COMMITMENTS FOR CAPITAL EXPENDITURE

Expenditure authorised by the directors:

	<u>1994</u> £'000	<u>1993</u> £'000
Contracts placed	<u>20</u>	<u>176</u>

18 CONTINGENT LIABILITIES

There are contingent liabilities in respect of litigation. None of the actions is expected to give rise to any material loss except as provided for in these accounts.

19 POST BALANCE SHEET EVENTS

As discussed in the Report of the Directors the company was acquired by Securiguard Services Limited on 4 November 1994 from Granada Group PLC.