

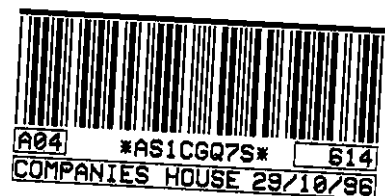
RENTOKIL DORMANT (No.1) LIMITED

(formerly Sterling Granada Contract Services Limited)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1995

Registered Number 41138



RENTOKIL DORMANT (No.1) 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; resigned 1 January 1996
RC Payne	- appointed 4 November 1994; resigned 1 January 1996
D Stopford	- appointed 4 November 1994; resigned 1 January 1996
MF Tunnell	- appointed 4 November 1994; resigned 1 January 1996
CT Pearce	- appointed 1 January 1996
R Ward-Jones	- appointed 1 January 1996

SECRETARY

GT Brown	- appointed 4 November 1994
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AUDITORS

Price Waterhouse
Southwark Towers
32 London Bridge Street
London
SE1 9SY

REGISTERED OFFICE

Felcourt
East Grinstead
West Sussex
RH19 2JY

RENTOKIL DORMANT (No.1) LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report, together with the audited accounts of the company for the 15 months ended 31 December 1995, which will be laid before the members at the annual general meeting. Comparative data presented relates to the 12 months to 30 September 1994.

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.

ACCOUNTING REFERENCE DATE

The company has changed its accounting reference date to 31 December to accord with that used by its ultimate parent company.

PROFIT AND LOSS ACCOUNT

The loss for the period, after taxation, amounted to £2,201,000 (1994:profit £161,000). An interim dividend of £2,550,000 was declared and paid before the sale of the shares to Rentokil Security Services Limited on 4 November 1994 (1994:£Nil). The retained loss of £4,751,000 has been transferred to reserves.

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 4 November 1994 the company's own entire share capital was acquired by Rentokil Security 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 Rentokil Security Services Limited.

TANGIBLE FIXED ASSETS

During the period the company purchased and disposed of a number of tangible fixed assets. Details of these movements are shown in Note 8 to the accounts.

RENTOKIL DORMANT (No.1) 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.

Rentokil Group PLC 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.

RENTOKIL DORMANT (No.1) 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:

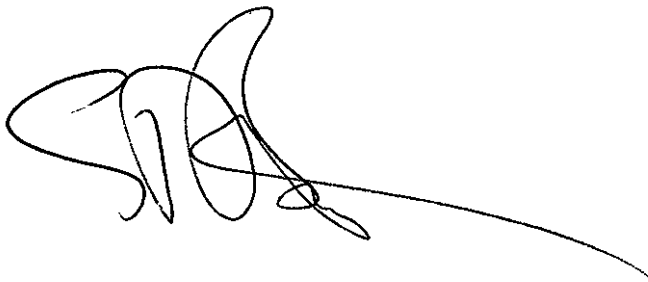
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards;
- prepared the accounts on a going concern basis.

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

11 March 1996

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
RENTOKIL DORMANT (No.1) LIMITED**

We have audited the accounts on pages 6 to 16

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 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 31 December 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

11 March 1996

RENTOKIL DORMANT (No.1) LIMITED

ACCOUNTING POLICIES - 31 DECEMBER 1995

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 another company which prepares a cash flow statement including that 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, a company registered in England and as such these accounts 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%
motor vehicles	25%

RENTOKIL DORMANT (No.1) LIMITED

ACCOUNTING POLICIES - 31 DECEMBER 1995 (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.

RENTOKIL DORMANT (No.1) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 15 MONTHS TO 31 DECEMBER 1995

	15 months to <u>31 December 1995</u> £'000	12 Months to <u>30 September 1994</u> £'000
TURNOVER - Discontinued/ Continuing Operations (Note 1)	7,387	23,904
COST OF SALES	(5,879)	(16,025)
GROSS PROFIT	1,508	7,879
Administrative Expenses	(3,664)	(6,880)
OPERATING (LOSS)/PROFIT Discontinued/Continuing Operations	(2,156)	999
Other interest (payable)/ receivable and similar income	(17)	25
Amounts written off investments (Note 15)	—	(569)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	(2,173)	455
Tax on (loss)/profit on ordinary activities (Note 5)	(28)	(294)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(2,201)	161
Dividends	(2,550)	—
RETAINED (LOSS)/PROFIT FOR THE PERIOD	(4,751)	161

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

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

The notes on pages 10 to 16 form part of the accounts.

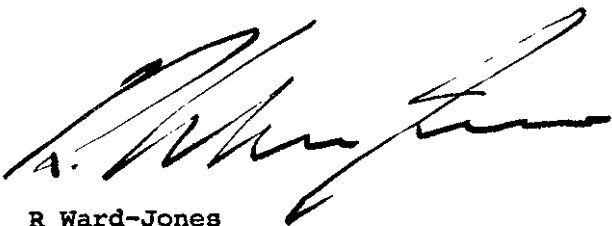
RENTOKIL DORMANT (No.1) LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	<u>31 December 1995</u>		<u>30 September 1994</u>	
	£'000	£'000	£'000	£'000
FIXED ASSETS				
Tangible assets (Note 8)		-		2,741
Investments (Note 15)		<u>81</u>		<u>81</u>
		<u>81</u>		<u>2,822</u>
CURRENT ASSETS				
Stocks (Note 9)		-		117
Debtors (Note 10)	255		4,972	
Cash at bank and in hand	<u>21</u>		<u>1,817</u>	
		276		6,906
CREDITORS (Amounts falling due within one year) (Note 11)		(1,709)		(6,324)
NET CURRENT (LIABILITIES)/ ASSETS		(1,433)		<u>582</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,352)		3,404
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation (Note 12)		-		(5)
		(1,352)		<u>3,399</u>
CALLED UP SHARE CAPITAL				
2% non-cumulative deferred shares of £1 each. Authorised, allotted and fully paid (Note 13)		100		100
Ordinary shares of £1 each Authorised, allotted and fully paid		1		1
REVALUATION RESERVE		-		1,195
PROFIT AND LOSS ACCOUNT (Note 6)		(1,453)		<u>2,103</u>
SHAREHOLDERS' FUNDS				
Equity		(1,452)		3,299
Non-equity		<u>100</u>		<u>100</u>
		(1,352)		<u>3,399</u>

The notes on pages 10 to 16 form part of the accounts.

Approved by the board on 11 March 1996


R Ward-Jones
Director

RENTOKIL DORMANT (No.1) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

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 (LOSS)/PROFIT BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation was arrived at after charging:

	15 months to <u>31 December 1995</u> £'000	<u>1994</u> £'000
Depreciation	122	255
Hire of machinery and equipment	63	421
Auditors' remuneration - audit fee	<u>-</u>	<u>2</u>
Staff costs:		
Wages and salaries	5,776	17,614
Social security costs	497	1,440
Other pension costs	<u>44</u>	<u>136</u>
	<u>6,317</u>	<u>19,190</u>

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.

The audit fee for 1995 has been borne by the parent company.

RENTOKIL DORMANT (No.1) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

3 DIRECTORS' REMUNERATION

	15 months to 31 December 1995 £'000	1994 £'000
Remuneration as managers (including contributions to pension and life assurance schemes)	30	193
Compensation for loss of office	43	—
	<u>73</u>	<u>193</u>
Chairman's emoluments	—	—
Highest paid director's emoluments (excluding pension contributions)	13	54
Analysis of directors' emoluments: (excluding pension contributions)		
	<u>Number</u>	<u>Number</u>
£ Nil - £ 5,000	14	7
£ 5,001 - £ 10,000	2	—
£ 10,001 - £ 15,000	1	—
£ 40,001 - £ 45,000	—	2
£ 45,001 - £ 50,000	—	1
£ 50,001 - £ 55,000	—	1

4 EMPLOYEES

	1995 <u>Number</u>	1994 <u>Number</u>
The average number of employees during the year was made up as follows:		
Guarding and car parks	482	1,361
Administration	<u>17</u>	<u>164</u>
	<u>499</u>	<u>1,525</u>

5 TAXATION

	15 months to 31 December 1995 £'000	1994 £'000
Comprising:		
UK corporation tax at 33% (1994:33%)	—	328
Deferred (Note 12)	(5)	(34)
Prior year adjustments	<u>33</u>	<u>—</u>
	<u>28</u>	<u>294</u>

RENTOKIL DORMANT (No.1) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

6 PROFIT AND LOSS ACCOUNT

	£'000
At 1 October 1994	2,103
Loss for the financial year	(4,751)
Release of revaluation reserve	<u>1,195</u>
At 31 December 1995	<u>(1,453)</u>

7 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	15 months to 31 December 1995 £'000	1994 £'000
(Loss)/Profit for the period	(2,201)	161
Dividends	<u>(2,550)</u>	<u>-</u>
	(4,751)	161
Goodwill written off (Note 15)	<u>-</u>	<u>(30)</u>
Net (reduction)/addition to shareholders' funds	(4,751)	131
Opening shareholders' funds	<u>3,399</u>	<u>3,268</u>
Closing shareholders' funds	<u>(1,352)</u>	<u>3,399</u>

RENTOKIL DORMANT (No.1) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

8 TANGIBLE FIXED ASSETS

	Long Leasehold Property £'000	Short Leasehold Property £'000	Plant & Equipment & Motor Vehicles £'000	Total £'000
<u>Cost or Valuation</u>				
At 1 October 1994	1,750	4	1,621	3,375
Additions	-	-	120	120
Disposals	(1,750)	(4)	(1,741)	(3,495)
At 31 December 1995	-	-	-	-
<u>Aggregate Depreciation</u>				
At 1 October 1994	-	1	633	634
Disposals	-	(1)	(755)	(756)
Depreciation for the year	-	-	122	122
At 31 December 1995	-	-	-	-
<u>Net Book Amount</u>				
At 31 December 1995	-	-	-	-
At 30 September 1994	1,750	3	988	2,741

9 STOCKS

	1995 £'000	1994 £'000
Raw materials and consumables	-	117

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

RENTOKIL DORMANT (No.1) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

10 DEBTORS

	<u>1995</u> £'000	<u>1994</u> £'000
Trade debtors	20	3,440
Amounts owed by parent and fellow subsidiary undertakings	226	31
Amounts owed by subsidiary undertakings	-	120
Other debtors	4	253
Prepayments and accrued income	-	1,128
Corporation tax	<u>5</u>	<u>-</u>
	<u>255</u>	<u>4,972</u>

11 CREDITORS

	<u>1995</u> £'000	<u>1994</u> £'000
Trade creditors	-	978
Amounts owed to parent and fellow subsidiary undertakings	1,686	918
Corporation tax	-	338
Other tax and social security	23	1,807
Other creditors	-	813
Accruals and deferred income	<u>-</u>	<u>1,470</u>
	<u>1,709</u>	<u>6,324</u>

12 DEFERRED TAXATION

	<u>1995</u> £'000	<u>1994</u> £'000
Deferred taxation provided in the accounts is as follows:		
Accelerated capital allowances	<u>-</u>	<u>5</u>
Movement on the provision for deferred taxation is as follows:		
At 1 October 1994	5	
Transfer to profit and loss account (Note 5)	<u>(5)</u>	
At 31 December 1995	<u>-</u>	

RENTOKIL DORMANT (No.1) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

13 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.

14 OPERATING LEASE COMMITMENTS

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

	<u>1995</u>		<u>1994</u>	
	<u>Property</u>	<u>Other</u>	<u>Property</u>	<u>Other</u>
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within 1 year	-	-	-	138
Within 2-5 years	9	-	181	322
After 5 years	-	-	<u>268</u>	-
	<u>9</u>	<u>-</u>	<u>449</u>	<u>460</u>

15 FIXED ASSET INVESTMENTS

	<u>1995</u>
	£'000
At 1 October 1994 and	
31 December 1995	<u>81</u>
	£'000
Represented by:	
Cost	650
Less: amount provided in prior period	(569)
Net book amount at 1 October 1994 and	
31 December 1995	<u>81</u>

The investment at 1 October 1994 and 31 December 1995 represents a 100% interest in Clyde Security (Commissionaires) Limited incorporated and operating in Scotland in the business of supplying security personnel.

RENTOKIL DORMANT (No.1) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

16 DISCONTINUED OPERATIONS

On the 31 January 1995 the company's trade and assets and liabilities were transferred at no gain or loss to Rentokil Security Services Limited at which time the company itself ceased to trade.

17 ULTIMATE PARENT COMPANY

The ultimate parent company is 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 largest group to include the company is Sophus Berendsen A/S.

The smallest group to include the company is 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.

Rentokil Group PLC has undertaken to provide financial support to the company so as to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of its operations.

18 COMMITMENTS FOR CAPITAL EXPENDITURE

Expenditure authorised by the directors:

	<u>1995</u> £'000	<u>1994</u> £'000
Contracts placed	<u>—</u>	<u>20</u>

19 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.