

**BET PLC**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

**Registered Number : 49855**



## **BET PLC**

### **REPORT OF THE DIRECTORS**

The directors submit their annual report together with the audited financial statements of the company for the year ended 31 December 2000.

#### **PROFIT AND LOSS ACCOUNT**

The profit for the year, after taxation, amounted to £178,300,000 (1999: £49,400,000). An interim dividend amounting to £145,000,000 (1999: £507,000,000) was paid and the balance of £33,300,000 the directors propose to transfer to reserves. The directors do not recommend the payment of a final dividend for 2000 (1999: £Nil).

#### **PRINCIPAL ACTIVITY**

The company's main business is and will continue to be that of an investment holding company for companies involved in providing business services. The company's income is derived from its investment in its subsidiary undertakings.

#### **DIRECTORS**

Sir Clive Thompson	-	resigned 31 August 2000
R C Payne		
C T Pearce	-	resigned 17 November 2000
A Ross-Jones		
G H Whalley	-	resigned 30 June 2000
R Ward-Jones		
J C F Wilde		

The directors named above, except where shown, held office throughout the year. The interests of the directors in office at the year end (except for those who were also directors of the parent company and whose interests are shown in the financial statements of the parent company) and their families in the share capital of the parent company, Rentokil Initial plc, at 31 December 1999 and 31 December 2000 are set out overleaf. None of the directors listed had interests in the shares of the company, or any of its subsidiaries.

**BET PLC****REPORT OF THE DIRECTORS (CONTINUED)****DIRECTORS' INTERESTS IN SHARES**Rentokil Initial plc ordinary shares of 1p each (Number of shares)

	<u>31 December 1999</u> <u>Beneficial Interest</u>	<u>31 December 2000</u> <u>Beneficial Interest</u>
A Ross-Jones	186,274	190,420
R Ward-Jones	45,394	50,505
J C F Wilde	12,580	17,691

**SHARE OPTIONS**(Number of shares)

	<u>R</u> <u>Ward-Jones</u>	<u>JCF</u> <u>Wilde</u>	<u>A</u> <u>Ross-Jones</u>
At 31 December 1999	447,385	563,749	500,675
Granted during the year	<u>93,450</u>	<u>259,424</u>	<u>57,507</u>
At 31 December 2000	<u>540,835</u>	<u>823,173</u>	<u>558,182</u>

The register of directors' interests, which is open for inspection at Felcourt, East Grinstead, West Sussex, RH19 2JY, contains full details of all directors' shareholdings and options to subscribe for shares in Rentokil Initial plc. None of the directors listed above exercised share options during the year.

**POLICY IN RELATION TO THE PAYMENT OF SUPPLIERS**

The company has no external suppliers and therefore there are no trade creditors at the year end from which to calculate creditor days.

**REPORT OF THE DIRECTORS (CONTINUED)**

**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 company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

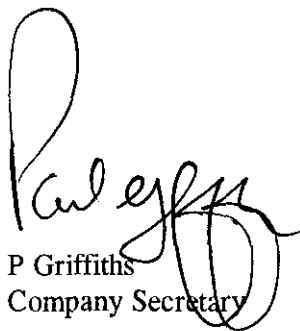
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards;
- prepare the financial statements on a going concern basis.

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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

PricewaterhouseCoopers have indicated their willingness to continue in office for the coming year.

By order of the board



P Griffiths  
Company Secretary

Felcourt  
East Grinstead  
West Sussex  
RH19 2JY

28 March 2001

## AUDITORS' REPORT TO THE MEMBERS OF

### BET PLC

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit 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 at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditors  
1 Embankment Place  
London WC2N 6RH

28 March 2001

**BET PLC****PROFIT & LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	<u>2000</u> £m	<u>1999</u> £m
TURNOVER	2	-	7.3
Administrative expenses		<u>7.0</u>	<u>2.7</u>
OPERATING PROFIT	3	7.0	10.0
Profit on sale of investments	4	50.2	1.5
Income from investments in subsidiary undertakings		191.2	37.2
Amounts written off investments	10	<u>(66.4)</u>	<u>(2.6)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		182.0	46.1
Interest receivable and similar income	5	11.8	23.1
Interest payable and similar charges	6	<u>(13.9)</u>	<u>(13.8)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		179.9	55.4
Taxation on profit on ordinary activities	8	<u>(1.6)</u>	<u>(6.0)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		178.3	49.4
Dividends paid		<u>(145.0)</u>	<u>(507.0)</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR	18	<u>33.3</u>	<u>(457.6)</u>

The results for the year are wholly attributable to the continuing operations of the company.

The company had no recognised gains and losses during the period other than those recorded in the above profit and loss account: accordingly, no separate statement of total recognised gains and losses has been prepared.

The notes on pages 7 to 15 form part of the financial statements

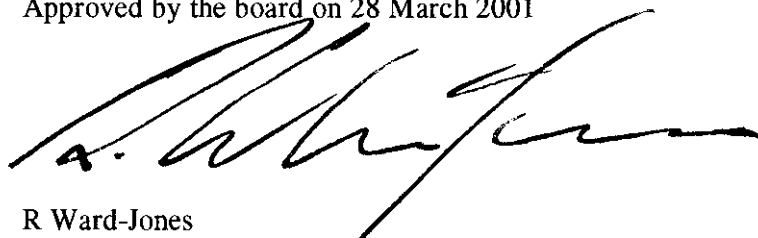
**BET PLC**

**BALANCE SHEET**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	<u>2000</u> £m	<u>1999</u> £m
<b>FIXED ASSETS</b>			
Tangible assets	9	0.1	0.1
Investments - shares in group undertakings	10	2,204.8	1,223.2
Investments - other investments	10	<u>134.0</u>	<u>-</u>
		2,338.9	1,223.3
<b>CURRENT ASSETS</b>			
Debtors - amounts due within one year	11	0.2	6.4
Debtors - amounts due after more than one year	11	66.0	329.7
Cash at bank		<u>16.6</u>	<u>13.4</u>
		82.8	349.5
CREDITORS- amounts falling due within one year	12	<u>(61.2)</u>	<u>(50.2)</u>
NET CURRENT ASSETS		<u>21.6</u>	<u>299.3</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,360.5	1,522.6
CREDITORS - amounts falling due after one year	13	(1,609.7)	(926.7)
Provision for liabilities and charges	14	<u>(2.1)</u>	<u>(2.3)</u>
NET ASSETS		<u>748.7</u>	<u>593.6</u>
<b>EQUITY CAPITAL AND RESERVES</b>			
Called up share capital	16	243.3	243.3
Share premium account	17	331.7	209.9
Other reserves	17	92.5	92.5
Profit and loss account	17	<u>81.2</u>	<u>47.9</u>
EQUITY SHAREHOLDERS' FUNDS	18	<u>748.7</u>	<u>593.6</u>

Approved by the board on 28 March 2001



R Ward-Jones  
Director

The notes on pages 7 to 15 form part of the financial statements

## **1. ACCOUNTING POLICIES**

### **Accounting convention**

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention. The particular accounting policies adopted by the directors are described below.

### **Consolidated financial statements**

The company is exempt from the requirement to prepare group financial statements, as it is a wholly owned subsidiary of Rentokil Initial plc and as such these financial statements present financial information about the company as an individual undertaking.

### **Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of Rentokil Initial plc and is included in the consolidated financial statements of Rentokil Initial plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Rentokil Initial plc group or investees of the Rentokil Initial plc group (note 21).

### **Tangible Fixed Assets**

Leasehold land and buildings are amortised in equal annual instalments over the periods of the leases subject to a minimum annual provision of 1% of costs. When the properties are sold the difference between sale proceeds and net book value is dealt with in the profit and loss account.

In accordance with FRS 15 annual impairment reviews are performed for properties with a useful economic life of greater than 50 years at the balance sheet date.

### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment. In the opinion of the directors the value of such investments is not less than that shown at the balance sheet date.

**1. ACCOUNTING POLICIES (continued)**

**Provisions**

Provision is made in accordance with FRS 12 for:

Vacant property - In respect of vacant and partly sub-let leasehold properties to the extent that future rental payments are expected to exceed future rental income.

Other provisions - For all other known liabilities which exist at the year end based on management's best estimate as to the cost of settling these liabilities.

**Foreign currency transactions**

Amounts expressed in foreign currencies are translated into sterling at the middle market rate of exchange ruling in London at the close of business at the period end.

Transactions during the year are translated at the middle market rates prevailing at the date of the transaction. Exchange gains or losses are dealt with in the profit and loss account.

**2. TURNOVER**

All of the turnover is derived from the principal activity of the company within the United Kingdom.

**3. OPERATING PROFIT**

Audit fees of £8,480 (1999: £8,000) have been borne by Rentokil Initial plc.

**4. PROFIT ON SALE OF INVESTMENTS**

During the year two companies were disposed of for a total net consideration of £187.6 million (after costs of £6.1 million) which, after deducting the cost of investment of £137.4 million, realised a profit on disposal of £50.2 million.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

## 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2000</u> £m	<u>1999</u> £m
Bank interest received	0.9	0.7
Interest received from subsidiary undertakings	5.6	18.7
Exchange gains	<u>5.3</u>	<u>3.7</u>
	<u>11.8</u>	<u>23.1</u>

## 6. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2000</u> £m	<u>1999</u> £m
Bank interest paid	9.5	0.1
Interest paid to subsidiary undertakings	<u>4.4</u>	<u>13.7</u>
	<u>13.9</u>	<u>13.8</u>

## 7. DIRECTORS AND EMPLOYEES

The company has no employees and accordingly there are no employee costs (1999: None). The directors received no emoluments for services as directors of the company (1999: £Nil).

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax on profit for the year comprises:

	<u>2000</u> £m	<u>1999</u> £m
UK corporation tax at 30.00% (1999: 30.25%)	<u>1.6</u>	<u>6.0</u>

## 9. TANGIBLE FIXED ASSETS

	Long Leasehold Land and Buildings £m	Total £m
Cost		
At 1 January 2000	<u>0.1</u>	<u>0.1</u>
At 31 December 2000	<u>0.1</u>	<u>0.1</u>
Net book value at 31 December 2000	<u>0.1</u>	<u>0.1</u>
Net book value at 31 December 1999	<u>0.1</u>	<u>0.1</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

10. INVESTMENTS

The principal investments at 31 December 2000 represent a 100% interest in the ordinary share capital of the following companies:

BET Finance Limited  
BET Overseas Limited  
BET UK Limited  
BET US Limited  
Initial IFF Limited  
Rentokil Initial UK Limited  
Securiguard Group Limited  
United Transport International Limited  
United Transport Zimbabwe Freight Limited

These subsidiaries, in turn, own 100% of the equity share capital of the following principal subsidiaries of Rentokil Initial plc:

Dudley Industries Limited  
Initial A to Z Couriers Limited  
Initial Catering Services Limited (75%)  
Initial City Link Limited  
Initial Contract Services Limited  
Initial Electronic Security Systems Limited  
Initial Hospital Services Limited  
Initial Personnel Services Limited  
Initial Plant Services Limited  
Initial Security Limited  
Initial Style Conferences Limited  
Rentokil Ailsa Environmental Limited  
Rentokil Initial Management Services Limited  
Rentokil Initial Services Limited  
Rentokil IT Hygiene Limited  
Rentokil Office Machine Maintenance Limited  
Retail Cleaning Services Limited (51%)  
Rezayat Deborah Saudi Arabia Co Limited (Saudi Arabia) (49%)  
Rezayat Sparrow Arabian Crane Hire Co Limited (Saudi Arabia) (49%)  
Unifreight Limited (Zimbabwe)

# BET PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

#### 10. INVESTMENTS (Continued)

Movement in investments during the year

	Shares in group undertakings £m
At 1 January 2000	1,223.2
Additions (i)	1,185.4
Disposals (ii)	(137.4)
Amounts written off investments (iii)	<u>(66.4)</u>
At 31 December 2000	<u>2,204.8</u>

- (i) During the year 100% of the ordinary share capital of BET USA Inc was acquired from Rentokil Initial plc for £121.8 million. This was satisfied through the issue of 1 ordinary share in the company (see note 17).

In addition, Rentokil Initial UK Limited and Securiguard Group Limited were transferred from other group companies at a director's estimate of their fair market value and United Transport Europe Limited was transferred from another group company at its net book value, for a total cash consideration of £1,057.6 million.

Lyngrid Contracts Limited and Lyngrid Architectural Aluminium Limited were recapitalised by £6.0 million.

- (ii) As part of a group disposal programme the company disposed of its investment in two subsidiaries for a net consideration of £187.6 million (after costs of £6.1 million) resulting in a profit of £50.2 million (see note 4).
- (iii) After carrying out an impairment review investments in subsidiaries were written down by £66.4 million to reflect the lower of the net asset value and the value in use.

#### Other investments

Other investments are a £134m convertible note issued by Ashstead Group plc in partial consideration for their purchase of the former US plant services business. The note has a final maturity date of May 2008 and interest accrues at 5.25% pa from June 2001. After 1 June 2001, and prior to final maturity, BET PLC can exercise an option to convert the note into 89.333m ordinary shares of Ashstead Group plc (representing some 20% of total equity) at an effective exercise price of 150p per ordinary share. As at 31st December 2000, Ashstead Group plc's quoted share price (which is listed on the London Stock Exchange) was 121p.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

## 11. DEBTORS

	<u>2000</u> £m	<u>1999</u> £m
<u>Amounts falling due within one year:</u>		
Amounts owed by group undertakings	-	2.6
Other debtors	<u>0.2</u>	<u>3.8</u>
	0.2	6.4
<u>Amounts falling due after more than one year:</u>		
Amounts owed by group undertakings	<u>66.0</u>	<u>329.7</u>
	<u>66.2</u>	<u>336.1</u>

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2000</u> £m	<u>1999</u> £m
Bank loan	10.0	-
Corporation tax	46.7	46.8
Other creditors	<u>4.5</u>	<u>3.4</u>
	<u>61.2</u>	<u>50.2</u>

## 13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	<u>2000</u> £m	<u>1999</u> £m
Debentures - unsecured (note 15)	1.3	1.3
Amounts due to group undertakings	1,605.5	922.5
Other creditors	<u>2.9</u>	<u>2.9</u>
	<u>1,609.7</u>	<u>926.7</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	£m
1 January 2000	2.3
Utilised during the year	(0.2)
Transferred to profit and loss account	(0.2)
Additional provision for the year	<u>0.2</u>
At 31 December 2000	<u>2.1</u>

The company has a number of vacant and partly sub-let leasehold properties. Provision has been made for the residual lease commitments together with other outgoings, after taking into account existing sub-tenant arrangements and assumptions relating to later periods of vacancy. In accordance with FRS 12, the provisions have been reviewed for movements in these properties during the year and £0.2m has been released to the profit and loss account.

**15. OBLIGATIONS UNDER DEBENTURES, LOANS AND OVERDRAFTS**

	<u>2000</u> £m	<u>1999</u> £m
Amounts payable		
- in one year, or less, or on demand	10.0	-
- between 1 and 2 years	-	-
- between 2 and 5 years	<u>1.3</u>	<u>1.3</u>
	<u>11.3</u>	<u>1.3</u>

**16. CALLED UP SHARE CAPITAL**

	<u>2000</u> £m	<u>1999</u> £m
<b>AUTHORISED</b>		
1,000 million ordinary shares of 25p each	<u>250</u>	<u>250</u>
<b>CALLED UP SHARE CAPITAL</b>		
973,464,929 allotted and fully paid ordinary shares (1999: 973,464,928)	<u>243.3</u>	<u>243.3</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

## 17. RESERVES

	Share premium account £m	Other Reserves £m	Profit and Loss Account £m
At 1 January 2000	209.9	92.5	47.9
Additions during the year	121.8	-	-
Retained profit for the year	<u>-</u>	<u>-</u>	<u>33.3</u>
At 31 December 2000	<u>331.7</u>	<u>92.5</u>	<u>81.2</u>

During the year one share was issued for a premium of £121.8 million to acquire BET USA Inc from Rentokil Initial plc. BET USA Inc was subsequently disposed of - see note 4.

## 18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2000</u> £m	<u>1999</u> £m
Profit/(loss) for the year	33.3	(457.6)
Premium on share issued	<u>121.8</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	155.1	(457.6)
Opening shareholders' funds	<u>593.6</u>	<u>1,051.2</u>
Closing shareholders' funds	<u>748.7</u>	<u>593.6</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

**19. PENSION AND POST RETIREMENT HEALTHCARE BENEFITS**

Employees of subsidiary companies are included in the Rentokil Initial Pension Scheme.

BET PLC operates a funded plan which provides certain past employees with post retirement healthcare benefits. The date of the most recent independent actuarial assessment was 31 December 1999. The estimated liability of the post retirement healthcare plans at that date was £2.9 million which has been included in other creditors in the balance sheet at 31 December 2000 (1999: £2.9 million).

The actuarial valuation of the post retirement healthcare benefits liability assumed that healthcare costs will increase by 7.5% a year for four years and 4% thereafter with a net present value discount rate of 6%.

**20. ULTIMATE PARENT COMPANY**

The company's immediate parent company is Rentokil Initial plc. The company's ultimate parent company is also Rentokil Initial plc, which forms the only group into with the financial statements of the company are consolidated. The consolidated financial statements of Rentokil Initial plc are available from Felcourt, East Grinstead, West Sussex RH19 2JY.

**21. OTHER RELATED PARTY TRANSACTIONS**

Rentokil Initial plc is also the company's ultimate controlling party. The company has not undertaken any transactions with related parties during the year, other than transactions with fellow members of Rentokil Initial plc. Such transactions are exempt from disclosure under FRS8.

**22. GUARANTEES AND CONTINGENT LIABILITIES**

	<u>2000</u> £m	<u>1999</u> £m
Guarantees of obligations relating to subsidiary undertakings	<u>133.9</u>	<u>128.5</u>

BET PLC has given total guarantees in respect of a subsidiary's borrowing facility totalling £133.9 million at 31 December 2000 (1999: £128.5 million). The amount shown above represents the amount drawn against this facility.