

**BET Ltd.**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2002**

**Registered Number : 49855**



**BET Ltd.**

## **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

### **PRINCIPAL ACTIVITY/FUTURE DEVELOPMENTS**

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.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £417.3m (2001: £9.7m). Interim dividends amounting to £416.0m (2001: £80.0m) were paid. The directors do not recommend the payment of a final dividend for 2002 (2001: £Nil).

### **DIRECTORS**

R C Payne  
R Ward-Jones  
J C F Wilde  
E F Brown  
J A F Duarte (resigned 28/02/2003)  
C M N Ward  
A S Young (resigned 28/02/2003)  
M D Ellis

The directors named above 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 Annual Report of that company) and their families in the share capital of the parent company, Rentokil Initial plc, at 31 December 2001 and 31 December 2002 are set out overleaf. None of the directors listed had interests in the shares of the company, or any of its subsidiaries.

BET Ltd.

## REPORT OF THE DIRECTORS (CONTINUED)

### DIRECTORS' INTERESTS IN SHARES

#### SHARE HOLDINGS

Rentokil Initial plc ordinary shares of 1p each (Number of shares)

	31 December 2001 <u>Beneficial Interest</u>	31 December 2002 <u>Beneficial Interest</u>
J A F Duarte	-	12,861
M D Ellis	19,897	31,856
C M N Ward	21,825	34,754
R Ward-Jones	54,639	57,580
A S Young	60,537	26,761

#### SHARE OPTIONS

Rentokil Initial plc ordinary shares of 1p each (Number of shares)

	At 31st <u>December 2001</u>	Granted <u>during the year</u>	Exercised <u>during the year</u>	At 31 <sup>st</sup> <u>December 2002</u>
J A F Duarte	520,278	125,960	89,000	557,238
M D Ellis	*470,807	110,215	46,000	535,022
C M N Ward	666,095	122,076	-	788,171
R Ward-Jones	616,200	59,044	-	675,244
A S Young	941,281	139,081	60,000	1,020,362

\* Opening balance restated

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. No options held by directors listed above lapsed 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.

BET Ltd.

## 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:

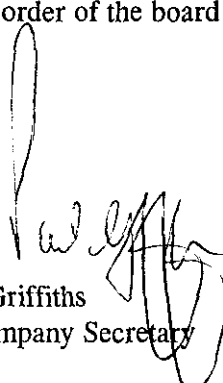
- confirm that suitable accounting policies have been used and then apply them consistently;
- confirm that judgements and estimates are reasonable and prudent;
- confirm that applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned as auditors, on 1 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, to fill the casual vacancy created by the resignation. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the annual general meeting to be held on 29 May 2003.

By order of the board



P Griffiths  
Company Secretary

Felcourt  
East Grinstead  
West Sussex  
RH19 2JY

26 March 2003

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BET Ltd.**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including this opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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. The other information comprises the Report of the Directors.

### **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 affairs of the Company at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP



Chartered Accountants and Registered Auditors  
London

26 March 2003

BET Ltd.

**PROFIT & LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	<u>2002</u> £m	<u>2001</u> £m
TURNOVER			
Other income		<u>7.6</u>	<u>7.6</u>
OPERATING PROFIT		7.6	7.6
Gain / (loss) on disposal of businesses	2	0.1	(6.2)
Loss on sale of investments	3	(4.6)	-
Amounts written off investments		-	0.1
Income from shares in subsidiary undertakings		<u>397.0</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		400.1	1.5
Interest receivable and similar income	4	7.7	5.4
Interest payable and similar charges	5	(0.2)	(5.5)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	407.6	1.4
Taxation on profit on ordinary activities	8	<u>9.7</u>	<u>8.3</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		417.3	9.7
Equity dividends paid		(416.0)	(80.0)
RETAINED PROFIT / (LOSS) FOR THE YEAR	18	<u>1.3</u>	<u>(70.3)</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 16 form part of the financial statements

BET Ltd.

**BALANCE SHEET**

**AS AT 31 DECEMBER 2002**

	Notes	<u>2002</u> £m	<u>2001</u> £m
<b>FIXED ASSETS</b>			
Tangible assets	9	0.1	0.1
Investments - shares in group undertakings	10	2,099.4	2,137.6
Investments - other investments	10	<u>134.0</u>	<u>134.0</u>
		2,233.5	2,271.7
<b>CURRENT ASSETS</b>			
Debtors - amounts due within one year	11	1.8	2.1
Debtors - amounts due after more than one year	11	224.4	80.9
Cash at bank		<u>15.3</u>	<u>0.3</u>
		241.5	83.3
<b>CREDITORS</b>			
AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(23.2)</u>	<u>(37.5)</u>
NET CURRENT ASSETS		<u>218.3</u>	<u>45.8</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,451.8	2,317.5
<b>CREDITORS</b>			
AMOUNTS FALLING DUE AFTER ONE YEAR	13	(889.2)	(1,630.5)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(7.9)</u>	<u>(8.6)</u>
NET ASSETS		<u>1,554.7</u>	<u>678.4</u>
<b>EQUITY CAPITAL AND RESERVES</b>			
Called up share capital	16	243.3	243.3
Share premium account	17	1206.7	331.7
Other reserves	17	92.5	92.5
Profit and loss account	17	<u>12.2</u>	<u>10.9</u>
EQUITY SHAREHOLDERS' FUNDS	18	<u>1,554.7</u>	<u>678.4</u>

The financial statements on pages 5 to 16 were approved by the board on 26 March 2003 and were signed on its behalf by:



R C Payne  
Director

The notes on pages 7 to 16 form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements are prepared under the historical cost convention and comply with the Companies Act 1985 and applicable accounting standards. The particular accounting policies adopted by the directors are described below and are considered suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

**Deferred tax**

During the year Financial Reporting Standard (FRS) 19 "Deferred Tax" has been adopted. The adoption of the standard had no material effect on the financial statements for the year ended 31<sup>st</sup> December 2002 and therefore no prior year adjustment is required.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all the available evidence, it can be regarded as more likely than not that there will be suitable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

**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.

**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 that 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.

BET Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

2. LOSS ON DISPOSAL OF BUSINESSES

	<u>2002</u> £m	<u>2001</u> £m
Provisions (note 14)	-	(6.5)
Prior year items	<u>0.1</u>	<u>0.3</u>
	<u>0.1</u>	<u>(6.2)</u>

The net gain in prior year items represents tax rebates resulting from the disposal of businesses made in 2000

3. LOSS ON SALE OF INVESTMENTS

The loss on sale of investments resulted from the disposal of Initial IFF Ltd. (note 10).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2002</u> £m	<u>2001</u> £m
Loan note interest	7.0	4.1
Bank interest received	0.7	1.1
Interest received from subsidiary undertakings	—	<u>0.2</u>
	<u>7.7</u>	<u>5.4</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2002</u> £m	<u>2001</u> £m
Exchange losses	-	1.6
Bank interest paid	0.2	0.2
Interest paid to subsidiary undertakings	—	<u>3.7</u>
	<u>0.2</u>	<u>5.5</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Audit fees of £8,480 (2001: £8,480) have been borne by Rentokil Initial plc.

BET Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

7. DIRECTORS AND EMPLOYEES

The company has no employees and accordingly there are no employee costs (2001: £Nil). The directors received no emoluments for services as directors of the company (2001: £Nil).

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2002</u> £m	<u>2001</u> £m
<b>Current Tax :</b>		
UK corporation tax on profits of the period	4.4	3.0
Adjustment in respect of previous periods	<u>(13.5)</u>	<u>(11.3)</u>
Total current tax	(9.1)	(8.3)
<b>Deferred Tax :</b>		
Origination and reversal of timing differences	<u>(0.6)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(9.7)</u>	<u>(8.3)</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2002</u> £m	<u>2001</u> £m
Profit on ordinary activities before tax	<u>407.6</u>	<u>1.4</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%). (2001: 30%)	122.3	0.4
Effects of :		
Non taxable UK dividend income	(119.1)	-
Non-deductible loss on disposal	1.2	2.6
Adjustments in respect of prior periods	<u>(13.5)</u>	<u>(11.3)</u>
Current tax charge for the period	<u>(9.1)</u>	<u>(8.3)</u>

BET Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

9. TANGIBLE ASSETS

	Long leasehold land and buildings £m	Total £m
Cost		
At 1 January 2002 and 31 December 2002	<u>0.1</u>	<u>0.1</u>
Net book value at 31 December 2001 and 31 December 2002	<u>0.1</u>	<u>0.1</u>

There were no assets held under finance leases.

10. INVESTMENTS

The principal investments at 31 December 2002 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  
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. (except where indicated):

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 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 Solutions 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 Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

### 10. INVESTMENTS (Continued)

Movement in investments during the year

	Shares in group undertakings £m
At 1 January 2002	2,137.6
Disposal of investment in Initial IFF Ltd. (note 3)	<u>(38.2)</u>
At 31 December 2002	<u>2,099.4</u>

After carrying out an impairment review, the investments in subsidiaries were not written down.

#### Other investments

Other investments are a £134m convertible note issued by Ashtead 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 has started accruing at 5.25% pa from June 2001 and is payable biannually. Prior to final maturity, BET Ltd. can exercise an option to convert the note into 89.333m ordinary shares of Ashtead Group plc (representing some 20% of total equity) at an effective exercise price of 150.0p per ordinary share. As at 31st December 2002, Ashtead Group plc's quoted share price (which is listed on the London Stock Exchange) was 24.0p (2001: 78p).

On 10 March 2003 Ashtead Group plc announced that it had appointed external advisors to investigate the current and prior year accounts of its US Sunbelt Rentals business following management concerns regarding a potential understatement of costs. Ashtead group plc also reported that its US Sunbelt Rental business was currently trading below market expectations but continued to remain strongly cash generative.

On 13 March 2003 Ashtead Group plc further announced that pending the outcome of the above investigation it was unable to give the usual definitive representations required under its bank credit agreements and was accordingly in default under these arrangements. Ashtead Group plc subsequently arranged to meet its banking group on 21 March 2003 to review the position with a view to developing a proposal to resolve the situation although the final outcome of these discussions is presently unknown.

On 21 March 2003 Ashtead group plc also announced it was proposing to defer the biannual interest payment due under the convertible loan note. However, it further noted that it had now paid the interest under its senior credit facilities, which had previously been delayed and had also voluntarily withdrawn the interim dividend previously declared on 15 January 2003 for the 6 month period ended 31 October 2002.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

## 10. INVESTMENTS (Continued)

All these recent announcements and subsequent actions taken by Ashtead Group plc have not affected the legal rights of the Rentokil Initial group under the convertible loan note, which in particular continues to accrue interest as more fully described above. Notwithstanding these recent events, given that the board of Ashtead Group plc continues to emphasise the strong operating cashflow of the business and given its positive net asset value, both the book value and the fair value of the convertible loan note remain unchanged as shown in the accounts.

The company will continue to monitor any further announcements by Ashtead Group plc and take any steps as may be required in the future to continue to protect the company's legal right to the payment of interest and principal under the terms of the convertible loan note.

## 11. DEBTORS

	<u>2002</u> £m	<u>2001</u> £m
<u>Amounts falling due within one year:</u>		
Interest receivable from third parties	1.8	1.9
Amounts owed by group undertakings	—	<u>0.2</u>
	<u>1.8</u>	<u>2.1</u>
<u>Amounts falling due after more than one year:</u>		
Deferred taxation	0.6	-
Amounts owed by group undertakings	<u>223.8</u>	<u>80.9</u>
	<u>224.4</u>	<u>80.9</u>

Amounts owed by group undertakings are not interest bearing.

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

	<u>2002</u> £m	<u>2001</u> £m
Debentures - unsecured (note 15)	-	0.2
Corporation tax	23.2	36.2
Other creditors	—	<u>1.1</u>
	<u>23.2</u>	<u>37.5</u>

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

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

	<u>2002</u> £m	<u>2001</u> £m
Debentures - unsecured (note 15)	1.0	1.0
Amounts due to group undertakings	884.8	1,625.8
Other creditors	<u>3.4</u>	<u>3.7</u>
	<u>889.2</u>	<u>1,630.5</u>

Amounts due to group undertakings are not interest bearing.

## 14. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Vacant Properties</u> £m	<u>Other</u> £m	<u>Total</u> £m
1 January 2002	2.1	6.5	8.6
Utilised during the year	(0.3)	0.2	(0.1)
Released to the profit and loss account	<u>(0.6)</u>	<u>—</u>	<u>(0.6)</u>
At 31 December 2002	<u>1.2</u>	<u>6.7</u>	<u>7.9</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 outgoing, 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 £0.6m has been released to the profit and loss account.

Other provisions principally comprise amounts to cover obligations arising, warranties given and costs relating to disposed businesses. A net positive utilisation is shown resulting from tax refunds received during the year.

## 15. OBLIGATIONS UNDER DEBENTURES, LOANS AND OVERDRAFTS

	<u>2002</u> £m	<u>2001</u> £m
Amounts payable		
- within one year or on demand	-	0.2
- after 1 year and within 2 years	-	-
- after 2 year and within 5 years	<u>1.0</u>	<u>1.0</u>
	<u>1.0</u>	<u>1.2</u>

BET Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

16. CALLED UP SHARE CAPITAL

	<u>2002</u>	<u>2001</u>
	£m	£m
<b>AUTHORISED</b>		
1,000 million ordinary shares of 25p each	<u>250.0</u>	<u>250.0</u>
<b>CALLED UP SHARE CAPITAL</b>		
973,465,929 allotted and fully paid ordinary shares (2001: 973,464,929)	<u>243.3</u>	<u>243.3</u>

17. RESERVES

	Share premium account £m	Other Reserves £m	Profit and loss account £m
At 1 January 2002	331.7	92.5	10.9
Premium on shares issued	875.0	-	-
Retained profit for the year	—	—	<u>1.3</u>
At 31 December 2002	<u>1,206.7</u>	<u>92.5</u>	<u>12.2</u>

The addition to the share premium account in the year represents the premium on 1000 shares issued to Rentokil Initial plc.

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2002</u>	<u>2001</u>
	£m	£m
Profit for the year	417.3	9.7
Dividends	<u>(416.0)</u>	<u>(80.0)</u>
Retained profit / (loss) for the year	1.3	(70.3)
Premium on shares issued	<u>875.0</u>	—
Net (reduction)/ addition to shareholders' funds	876.3	(70.3)
Opening shareholders' funds	<u>678.4</u>	<u>748.7</u>
Closing shareholders' funds	<u>1,554.7</u>	<u>678.4</u>



BET Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

### 19. PENSION AND POST RETIREMENT HEALTHCARE BENEFITS

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

BET Ltd. 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 2002. The estimated liability of the post retirement healthcare plans at that date was £2.1 million which has been included in other creditors in the balance sheet at 31 December 2002 (2001: £2.6 million).

The actuarial valuation of the post retirement healthcare benefits liability assumed that healthcare costs will increase by 7.0% a year for four years and 4.0% thereafter with a net present value discount rate of 5.9%.

### 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 which 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 FRS 8.

### 22. CONTINGENT LIABILITIES

BET Ltd. has no guarantees in respect of a subsidiary's borrowing facility as at 31 December 2002 (2001: £Nil).

The company and certain subsidiary companies have, in the normal course of business, given performance guarantees in respect of the group's own contracts and, in connection with the disposal of businesses, have assumed certain contingent obligations. In addition, there are contingent liabilities in respect of litigation. None of these matters is expected to give rise to any material loss.