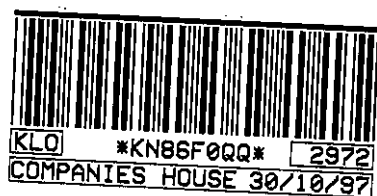


DIRECTORS' REPORT AND ACCOUNTS

THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

31 DECEMBER 1996

Registered Number 1631116



**THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED**

**DIRECTORS**

CM Thompson	-	Chairman - resigned 22 November 1996
CT Pearce	-	appointed Chairman 22 November 1996
RC Payne		
SJ Fretwell		

**SECRETARY**

GT Brown

**AUDITORS**

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

**REGISTERED OFFICE**

Felcourt  
East Grinstead  
West Sussex  
RH19 2JY

# THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

## REPORT OF THE DIRECTORS

The directors submit their annual report, together with the audited accounts of the company for the year ended 31 December 1996 which will be laid before the members at the annual general meeting.

### PROFIT AND LOSS ACCOUNT

The loss for the year, after taxation, amounted to £Nil (1995: loss £1,081). The directors do not recommend the payment of a dividend for 1996 (1995:Nil)

### PRINCIPAL ACTIVITY

The company acted as a holding company for Rentokil Facilities Maintenance Limited, a company engaged in the design of mechanical, electrical and plumbing engineering services.

### REVIEW OF OPERATIONS

The company transferred all of its trade and tangible fixed assets at net book value, to Rentokil Initial plc group companies during the year. The company has not traded and has become dormant. Consequently the company has made neither profit nor loss for the year.

### DIRECTORS

The directors who served during the year were:

CM Thompson                -        resigned 22 November 1996  
CT Pearce  
RC Payne  
SJ Fretwell

Mr CT Pearce is a director of Rentokil Initial plc and his interest in Rentokil Initial plc is shown in the accounts of that company.

Messrs RC Payne and SJ Fretwell are directors of Rentokil Limited and their interests in Rentokil Initial plc are shown in the accounts of Rentokil Limited.

THAMES ENVIRONMENTAL BUILDING 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:

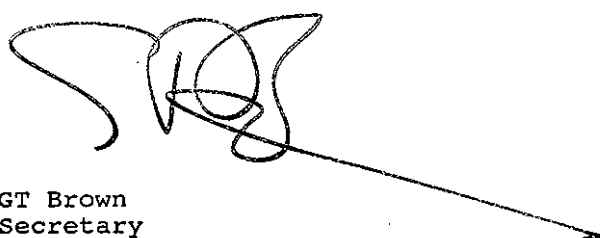
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards;
- prepared the accounts on a going concern basis.

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

The company is now dormant and a resolution will be put to the members in general meeting that the company avails itself of the exemption from audit permitted under Section 250 of the Companies Act 1985.

By order of the board



GT Brown  
Secretary  
Felcourt  
East Grinstead  
West Sussex  
RH19 2JY

11 March 1997

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 1996 and of its result for the year then ended and have 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 1997

THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u> £	<u>1995</u> £
TURNOVER (Note 2)	-	-
Cost of sales	<u>-</u>	<u>-</u>
GROSS PROFIT	-	-
Administrative expenses	-	(3,333)
Operating income (Note 5)	<u>-</u>	<u>3,333</u>
OPERATING PROFIT	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	-	-
Taxation on profit on ordinary activities (Note 6)	<u>-</u>	<u>(1,081)</u>
RETAINED LOSS FOR THE FINANCIAL YEAR (Notes 12 and 13)	<u>-</u>	<u>(1,081)</u>

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

The result represents the total of all recognised gains and losses relating to the financial and corresponding year.

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

The notes on pages 7 to 10 form part of the accounts.

THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

BALANCE SHEET - 31 DECEMBER 1996

	1996	1995
	£	£
FIXED ASSETS		
Tangible assets (Note 6)	-	490,000
Investments (Note 7)	<u>406,075</u>	<u>406,075</u>
	406,075	896,075
CURRENT ASSETS	-	-
CREDITORS (Amounts falling due within one year) (Note 8)	(64,044)	(1,081)
NET CURRENT LIABILITIES	(64,044)	(1,081)
	<u>(64,044)</u>	<u>(1,081)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	342,031	894,994
CREDITORS (Amounts falling due after more than one year) (Note 9)	-	(552,963)
NET ASSETS	<u>342,031</u>	<u>342,031</u>
CAPITAL AND RESERVES		
Called up share capital (Note 10)	336	336
Share premium account	119,666	119,666
Profit and loss account (Note 11)	<u>222,029</u>	<u>222,029</u>
	<u>342,031</u>	<u>342,031</u>

Approved by the board on 11 March 1997



SJ Fretwell  
DIRECTOR

The notes on pages 7 to 10 form part of the accounts.

# THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

### 1 ACCOUNTING POLICIES

#### Basis of Preparation

The company prepares its accounts on the basis of historical cost. 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 cashflow 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 Initial plc, and as such these accounts present financial information about the company as an individual undertaking.

#### 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.

#### Tangible Fixed Assets

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, on a straight line basis over their expected useful lives. It is calculated at the following rates per annum.

Equipment	-	20%
Freehold buildings	-	1%

When properties are sold the difference between sales proceeds and net book amount is dealt with in the profit and loss account.

#### Deferred Tax

Provision for deferred tax receivable and payable is made at rates currently expected when income, expenditure or 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.

#### Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### Investments

Investments are included at cost and in the opinion of the directors the value of such investments is not less than that shown in the balance sheet.



THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

2 PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £	<u>1995</u> £
The profit before taxation was arrived at after charging:-		
Depreciation	<u>-</u>	<u>3,333</u>

The audit fee has been borne by Rentokil Facilities Maintenance Limited, a subsidiary company.

3 EMPLOYEES

The company has no employees and none of the directors received any emoluments in respect of services provided to the company.

4 OTHER OPERATING INCOME

	<u>1996</u> £	<u>1995</u> £
Rent received	<u>-</u>	<u>3,333</u>

5 TAXATION

	<u>1996</u> £	<u>1995</u> £
UK corporation tax at 33% (1995: 33%) based on profit for the year	<u>-</u>	<u>1,081</u>

The company's potential and provided deferred tax liability amounted to £Nil (1995:£Nil).

THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Equipment £	Total £
<u>Cost or valuation</u>			
At 1 January 1996	500,000	162	500,162
Transfer to other group companies	(500,000)	(162)	(500,162)
At 31 December 1996	—	—	—
<u>Depreciation</u>			
At 1 January 1996	10,000	162	10,162
Transfer to other group companies	(10,000)	(162)	(10,162)
At 31 December 1996	—	—	—
<u>Net Book Amount</u>			
At 31 December 1996	—	—	—
At 31 December 1995	490,000	—	490,000

7 FIXED ASSET INVESTMENTS

The investment in the subsidiary company is stated at cost and relates to a 100% interest in Rentokil Facilities Maintenance Limited.

The nature of the business is the design, installation and maintenance of mechanical, electrical and plumbing engineering services.

8 CREDITORS (Amounts falling due within one year)

	<u>1996</u> £	<u>1995</u> £
Corporation tax	—	1,081
Amounts owed to group companies	64,044	—
	<u>64,044</u>	<u>1,081</u>

9 CREDITORS (Amounts falling due after more than one year)

	<u>1996</u> £	<u>1995</u> £
Amounts owed to group companies	—	552,963

THAMES ENVIRONMENTAL BUILDING SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

10 SHARE CAPITAL

	<u>1996</u> £	<u>1995</u> £
Authorised, allotted and fully paid 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid 336 ordinary shares of £1 each	<u>336</u>	<u>336</u>

11 PROFIT AND LOSS ACCOUNT

	<u>1996</u> £
At 1 January 1996	222,029
Result for the year	<u>-</u>
At 31 December 1996	<u>222,029</u>

12 STATEMENT OF SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> £
The result for the financial year	<u>-</u>	<u>(1,081)</u>
Net reduction in shareholders' funds	-	(1,081)
Opening shareholders' funds	<u>342,031</u>	<u>343,112</u>
Closing shareholders' funds	<u>342,031</u>	<u>342,031</u>

13 ULTIMATE PARENT COMPANY

The company's immediate parent company is Rentokil Limited.

The company's ultimate parent company is 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.

14 RELATED PARTY TRANSACTIONS

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