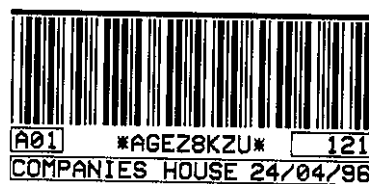


DIRECTORS' REPORT AND ACCOUNTS

RENTOKIL CLEANING SERVICES LIMITED

31 DECEMBER 1995

Registered Number 2120396



## **RENTOKIL CLEANING 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 1995 which will be laid before the members at the annual general meeting.

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

The profit for the year, after taxation, amounted to £1,980,000 (1994: £818,000). This has been transferred to reserves. The directors do not recommend the payment of a dividend for 1995 (1994: Nil)

#### **PRINCIPAL ACTIVITY**

The main trading object for which the company was incorporated is the carrying on of a business as cleaning contractors.

#### **REVIEW OF OPERATIONS**

1995 was another successful year for the company. The directors view the future of the company with confidence and expect 1996 to be another satisfactory year.

#### **DIRECTORS**

The directors who served during the year were:

CM Thompson	
CT Pearce	
RC Payne	
DR Howroyd	- resigned 1 January 1996
SJ Fretwell	- appointed 1 January 1996
DWB McCoy	- appointed 1 January 1996

Mr CT Pearce retires by rotation and being eligible offers himself for re-election.

Messrs CM Thompson and CT Pearce are directors of Rentokil Group PLC and their interests in Rentokil Group PLC are shown in the accounts of that company.

Mr RC Payne is a director of Rentokil Limited and his interest in Rentokil Group PLC is shown in the accounts of Rentokil Limited.

## **RENTOKIL CLEANING SERVICES LIMITED**

### **REPORT OF THE DIRECTORS (Continued)**

#### **DIRECTORS' INTERESTS**

The shareholdings of Mr DR Howroyd in group companies during the year is as follows:

Rentokil Group PLC Ordinary Shares of 2p each	1 January 1995 Beneficial Interest	31 December 1995 Beneficial Interest
	42,169	93,860

At 31 December 1995 DR Howroyd held options under the share option scheme approved by shareholders in April 1973, May 1983, December 1984, September 1989 and May 1991, to subscribe for 88,000 Rentokil Group PLC shares at prices ranging between 72.320p and 243.967p expiring between 2001 and 2005 depending on the date of the grant.

Rentokil Group PLC has purchased cover for the directors against liabilities in relation to the company, as permitted by the Companies Act 1985.

#### **EMPLOYEES**

The company attaches considerable importance to keeping its employees informed of matters affecting their jobs and the progress of the business. The regular parent company magazine contributes towards this purpose. There are, in addition, several in-house publications covering local and divisional matters. Employees have frequent opportunities to meet and have discussions with their managers.

The company gives sympathetic consideration to the employment of disabled people. Whilst no special facilities are provided for training the disabled, all employees are given equal opportunities for working, training and promotion, having regard to their particular aptitudes and abilities.

#### **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.

RENTOKIL CLEANING SERVICES LIMITED  
REPORT OF THE DIRECTORS (Continued)

AUDITORS

Price Waterhouse have indicated their willingness to continue as auditors to the company and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'GT Brown', with a long, sweeping underline that extends to the right.

GT Brown  
Secretary  
Felcourt  
East Grinstead  
West Sussex  
RH19 2JY

11 March 1996

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
RENTOKIL CLEANING SERVICES LIMITED**

We have audited the accounts on pages 5 to 12 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 2 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 profit for the year 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 CLEANING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>1995</u> £,000	<u>1994</u> £,000
TURNOVER (Note 1)	29,110	10,345
Cost of sales	(24,620)	(8,035)
GROSS PROFIT	4,490	2,310
Administrative expenses	(1,915)	(1,099)
OPERATING PROFIT	2,575	1,211
Profit on disposal of fixed assets	113	77
Net interest receivable/ (payable) (Note 2)	<u>142</u>	<u>(91)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	2,830	1,197
Taxation on profit on ordinary activities (Note 7)	<u>(850)</u>	<u>(379)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (Note 4)	<u>1,980</u>	<u>818</u>

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

Profits represent the total of all recognised gains and losses relating to the financial year and corresponding year.

The notes on pages 7 to 12 form part of the accounts.

RENTOKIL CLEANING SERVICES LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	1995	1994
£,000	£,000	£,000
FIXED ASSETS (Note 8)	2,349	2,355
CURRENT ASSETS		
Stocks (Note 9)	137	115
Debtors (Note 10)	4,711	6,218
Cash at bank and in hand	<u>17</u>	<u>51</u>
	4,865	6,384
CREDITORS (Amounts falling due within one year) (Note 11)	<u>(4,358)</u>	<u>(7,802)</u>
NET CURRENT ASSETS/ (LIABILITIES)	<u>507</u>	<u>(1,418)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	2,856	937
PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation (Note 12)	<u>(58)</u>	<u>(119)</u>
	<u>2,798</u>	<u>818</u>
AUTHORISED SHARE CAPITAL		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
CALLED UP SHARE CAPITAL		
Issued and fully paid ordinary shares of £1 each (Note 15)	-	-
PROFIT AND LOSS ACCOUNT (Note 4)	<u>2,798</u>	<u>818</u>
	<u>2,798</u>	<u>818</u>

Approved by the board on 11 March 1996

RC Payne  
DIRECTOR

The notes on pages 7 to 12 form part of the accounts.

# RENTOKIL CLEANING SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

### 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.

#### 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

Fixed assets are stated at cost less depreciation. Provision for depreciation of fixed assets is made in equal annual instalments over their estimated useful lives, over the following periods:-

Motor vehicles	-	4 years
Office equipment, furniture and fittings	-	5 years
Plant and machinery	-	10 years

#### Stocks and Work In Progress

Stocks and work in progress are stated at the lower of cost and net realisable value, using the first in, first out principle. Cost includes all direct expenditure and related overheads incurred to the date of the balance sheet.

#### 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

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities on the balance sheet. The interest elements of the rental obligations are charged to the profit and loss account over the period of the leases and represent a constant proportion of the balance of capital repayments outstanding.

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



RENTOKIL CLEANING SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

2 INTEREST

Interest payable on bank loans, overdrafts and other loans repayable within 5 years other than by instalments:

	<u>1995</u> £,000	<u>1994</u> £,000
Interest payable - group companies	-	(124)
- other	<u>(3)</u>	<u>(6)</u>
Interest receivable - group companies	(3) <u>145</u>	(130) <u>39</u>
Net interest receivable/(payable)	<u>142</u>	<u>(91)</u>

3 PROFIT ON ORDINARY ACTIVITIES

	<u>1995</u> £,000	<u>1994</u> £,000
The profit before taxation was arrived at after charging:-		
Depreciation of owned assets	1,124	320
Depreciation of assets held under finance leases	-	30
Hire of machinery and equipment		
other	82	29
operating leases	<u>7</u>	<u>13</u>
Staff costs -		
Wages and salaries	16,793	6,108
Social security costs	<u>450</u>	<u>175</u>
	<u>17,243</u>	<u>6,283</u>

None of the directors received any emoluments in respect of their services to the company.

The auditors' remuneration is borne by Rentokil Limited.

RENTOKIL CLEANING SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

4 PROFIT AND LOSS ACCOUNT

	<u>1995</u> £,000
At 1 January 1995	818
Profit for the financial year	<u>1,980</u>
At 31 December 1995	<u>2,798</u>

5 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1995</u> £,000	<u>1994</u> £,000
Profit for the financial year	<u>1,980</u>	<u>818</u>
Net addition to shareholders' funds	1,980	818
Opening shareholders' funds	<u>818</u>	<u>-</u>
Closing shareholders' funds	<u>2,798</u>	<u>818</u>

6 EMPLOYEES

	<u>1995</u>	<u>1994</u>
The average number of employees engaged in environmental property services during the year was:-	<u>6,177</u>	<u>4,077</u>

7 TAXATION

	<u>1995</u> £,000	<u>1994</u> £,000
Tax on profit for the year comprises:		
UK corporation tax at 33% (1994:33%)	<u>850</u>	<u>379</u>
Comprising:		
Current	911	260
Deferred (Note 12)	<u>(61)</u>	<u>119</u>
	<u>850</u>	<u>379</u>

RENTOKIL CLEANING SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

8 TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Motor Vehicles</u> £,000	<u>Plant &amp; Machinery</u> £,000	<u>Fixtures &amp; Fittings</u> £,000	<u>Total</u> £,000
At 1 January 1995	2,373	3,224	957	6,554
Assets acquired from other group companies	-	87	-	87
Additions	690	556	67	1,313
Disposals	(931)	(1,981)	(255)	(3,167)
At 31 December 1995	<u>2,132</u>	<u>1,886</u>	<u>769</u>	<u>4,787</u>
<u>Aggregate Depreciation</u>				
At 1 January 1995	1,169	2,447	582	4,198
Assets acquired from other group companies	-	77	-	77
Disposals	(744)	(1,975)	(242)	(2,961)
Provided for the year	<u>534</u>	<u>476</u>	<u>114</u>	<u>1,124</u>
At 31 December 1995	<u>959</u>	<u>1,025</u>	<u>454</u>	<u>2,438</u>
<u>Net Book Amount</u>				
At 31 December 1995	<u>1,173</u>	<u>861</u>	<u>315</u>	<u>2,349</u>
At 31 December 1994	<u>1,204</u>	<u>777</u>	<u>375</u>	<u>2,356</u>

9 STOCKS

	<u>1995</u> £,000	<u>1994</u> £,000
Work in progress	16	11
Finished goods	<u>121</u>	<u>104</u>
	<u>137</u>	<u>115</u>

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

10 DEBTORS

	<u>1995</u> £,000	<u>1994</u> £,000
Trade debtors	3,948	4,578
Prepayments and accrued income	-	720
Other debtors	<u>763</u>	<u>920</u>
	<u>4,711</u>	<u>6,218</u>

RENTOKIL CLEANING SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

11 CREDITORS (Amounts falling due within one year)

	<u>1995</u> £,000	<u>1994</u> £,000
Amounts owed to immediate parent company	1,523	5,235
Amounts owed to intermediate parent company	564	276
Other tax and social security	-	19
Corporation tax	911	260
Accruals and deferred income	<u>1,360</u>	<u>2,012</u>
	<u>4,358</u>	<u>7,802</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>58</u>	<u>119</u>
Movement in the provision for deferred taxation is as follows:-		
At 1 January 1995	119	-
Transfer (from)/to profit and loss account (Note 7)	<u>(61)</u>	<u>119</u>
At 31 December 1995	<u>58</u>	<u>119</u>

There is no unprovided deferred tax at 31 December 1995

13 OPERATING LEASE COMMITMENTS

The company has no annual lease commitments in respect of vehicles, plant and equipment.

	<u>1995</u> £,000	<u>1994</u> £,000
Within one year	-	1
Within two to five years	<u>-</u>	<u>2</u>

**RENTOKIL CLEANING SERVICES LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)**

**14 OBLIGATIONS UNDER FINANCE LEASES**

	<u>1995</u> £,000	<u>1994</u> £,000
Obligations under finance leases fall due as follows:		
Within one year	-	45
Within two to five years	<u>-</u>	<u>16</u>

**15 SHARE CAPITAL**

The issued and fully paid share capital of the company is £100, comprising 100 ordinary shares of £1 each.

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