

BET CATERING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

REGISTERED NUMBER: 2505731



BET CATERING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

CONTENTS

Page No.

| | |
|---------------|--|
| 1 - 4 | Directors' Report |
| 5 | Report of the Auditors |
| 6 | Profit and Loss Account |
| 7 | Balance Sheet |
| 8 | Cash Flow Statement |
| 9 - 19 | Notes to the Financial Statements |

BET CATERING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the nine months ended 31 December 1996.

BUSINESS AND FINANCIAL REVIEW

The Company's principal activity continues to be the provision of catering services and the directors do not envisage any change in the activity of the Company during the next financial year.

RESULTS AND DIVIDEND

A summary of the results for the period is given in the profit and loss account on page 6. No dividend is proposed in respect of the financial year and £2,286,000 (1996: £1,945,000) has been transferred from/to reserves.

ACCOUNTING REFERENCE DATE

At an extraordinary general meeting held on 4 December 1996 it was resolved that the accounting reference date of the Company be changed from 31 March to 31 December to coincide with that of Rentokil Initial plc.

CREDITORS PAYMENT POLICY

It is Rentokil Initial's policy to settle the terms of payment with those with whom Rentokil Initial companies do business when agreeing the terms of a transaction, to ensure that the terms of payment are clear and to abide by the agreed terms.

DIRECTORS

The directors who served during the nine months were:-

Mr J.H.N. Gibson

Mr J.K. Walker

Mr P. Griffiths

Mr P.R. Wakeham (resigned 25 June 1996)

Mr I.J. Carruthers (appointed 2 September 1996)

Mr S.J. Fretwell (appointed 10 September 1996)

BET CATERING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

DIRECTORS' REPORT
(continued)

DIRECTORS' INTERESTS

None of the directors had any beneficial interest in the share capital of the Company. The beneficial interest of the directors in the ordinary shares of BET Public Limited Company at 30 March 1996 or the date of appointment, if later, and 31 December 1996 were:-

| | <u>Ordinary Shares</u> | | <u>Incentive plans</u> | | <u>Executive Option Scheme</u> | | <u>Sharesave Scheme</u> | |
|--------------------|------------------------|--------------------|------------------------|--------------------|--------------------------------|--------------------|-------------------------|--------------------|
| | <u>31 Dec 1996</u> | <u>30 Mar 1996</u> | <u>31 Dec 1996</u> | <u>30 Mar 1996</u> | <u>31 Dec 1996</u> | <u>30 Mar 1996</u> | <u>31 Dec 1996</u> | <u>30 Mar 1996</u> |
| Mr J.H.N. Gibson | nil | 4,232 | nil | nil | nil | nil | nil | nil |
| Mr J.K. Walker | nil | nil | nil | 70,410 | nil | 149,654 | nil | nil |
| Mr P. Griffiths | nil | 62 | nil | 70,361 | nil | 78,829 | nil | 18,939 |
| Mr I.J. Carruthers | nil | nil | nil | nil | nil | nil | nil | nil |
| Mr S.J. Fretwell | nil | nil | nil | nil | nil | nil | nil | nil |

Mr J.K. Walker exercised 216,231 options during the period.

Mr P. Griffiths exercised 125,684 options during the period.

The beneficial interest of the directors in the ordinary shares of Rentokil Initial Public Limited Company at 30 March 1996 or the date of appointment, if later, and 31 December 1996 were:-

| | <u>Ordinary Shares</u> | | <u>Incentive plans</u> | | <u>Executive Option Scheme</u> | | <u>Sharesave Scheme</u> | |
|--------------------|------------------------|--------------------|------------------------|--------------------|--------------------------------|--------------------|-------------------------|--------------------|
| | <u>31 Dec 1996</u> | <u>30 Mar 1996</u> | <u>31 Dec 1996</u> | <u>30 Mar 1996</u> | <u>31 Dec 1996</u> | <u>30 Mar 1996</u> | <u>31 Dec 1996</u> | <u>30 Mar 1996</u> |
| Mr J.H.N. Gibson | nil | nil | nil | nil | nil | nil | nil | nil |
| Mr J.K. Walker | nil | nil | nil | nil | nil | nil | nil | nil |
| Mr P. Griffiths | 27 | nil | nil | nil | nil | nil | nil | nil |
| Mr I.J. Carruthers | nil | nil | nil | nil | nil | nil | nil | nil |
| Mr S.J. Fretwell | nil | nil | nil | nil | 36,000 | 36,000 | 3,783 | 3,783 |

BET CATERING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

DIRECTORS' REPORT
(continued)

EMPLOYMENT POLICIES

BET Catering Services Limited makes its employees aware of the economic and financial factors affecting the Company via memorandums and management briefings. Managers enhance motivation and commitment of their workforce by providing opportunities for involvement and participation at a unit level.

The Company provides equal opportunities regardless of gender, marital status, ethnic origin or nationality. Wherever possible equal consideration is given to the employment of disabled persons.

In order to ensure the health and safety of employees, BET Catering Services Limited maintains a policy of providing secure working conditions and appropriate training standards at all locations.

POST BALANCE SHEET EVENTS

There are no material post balance sheet events between the period end and the date the financial statements are signed.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

UK company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the nine months ended 31 December 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BET CATERING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

DIRECTORS' REPORT
(continued)

AUDITORS

Coopers and Lybrand resigned as the Company's auditors on 11 November 1996. At an extraordinary general meeting held on 4 December 1996 it was resolved that the Company appoint Price Waterhouse as its auditors with effect from the nine month period ending 31 December 1996.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'J. Walker', written over a horizontal line.

J. WALKER
DIRECTOR

27-02-97

DATE:

BET CATERING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

AUDITORS' REPORT TO THE MEMBERS OF
BET CATERING SERVICES LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 misstatements, 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 as at 31 December 1996 and of its loss and cash flows for the nine months then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
Windsor

Date *27 February 1997*

BET CATERING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

PROFIT AND LOSS ACCOUNT FOR THE
NINE MONTHS ENDED 31 DECEMBER 1996

| | | <u>9 months to</u> <u>31.12.96</u> £000 | <u>Year ended</u> <u>30.3.96</u> £000 |
|--|--------------|---|---|
| | <u>Notes</u> | | |
| Turnover | 2 | 62,412 | 87,999 |
| Cost of Sales | 3 | <u>(60,851)</u> | <u>(80,342)</u> |
| Gross Profit | | 1,561 | 7,657 |
| Administrative Expenses | 3 | (2,891) | (3,895) |
| Distribution Costs | | <u>(674)</u> | <u>(776)</u> |
| Operating (Loss)/Profit | | (2,004) | 2,986 |
| Interest (payable) | 4 | — | <u>(90)</u> |
| (Loss)/Profit on ordinary activities before taxation | 5 | (2,004) | 2,896 |
| Taxation | 7 | <u>(282)</u> | <u>(951)</u> |
| (Loss)/Profit after taxation for the nine months/year | 16 | <u>(2,286)</u> | <u>1,945</u> |

All the Company's trading and results are in respect of continuing activities.

There are no recognised gains or losses other than those included in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the nine months, and their historical cost equivalents.

BET CATERING SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

BALANCE SHEET AS AT 31 DECEMBER 1996

| | | <u>31.12.96</u> £000 | <u>30.3.96</u> £000 |
|--|--------------|-------------------------|------------------------|
| | <u>Notes</u> | | |
| Fixed Assets : | | | |
| Tangible Assets | 8 | <u>1,652</u> | <u>1,579</u> |
| Current Assets : | | | |
| Stock | 9 | 1,760 | 1,891 |
| Debtors | 10 | 11,339 | 12,306 |
| Cash at bank and in hand | | <u>3,344</u> | <u>3,440</u> |
| | | 16,443 | 17,637 |
| Current Liabilities : | | | |
| Creditors : | | | |
| Amounts falling due within one year | 11 | <u>(16,094)</u> | <u>(14,990)</u> |
| Net Current Assets | | <u>349</u> | <u>2,647</u> |
| Total Assets Less Current Liabilities | | 2,001 | 4,226 |
| Creditors: | | | |
| Amounts falling due after more than one year | 12 | <u>(251)</u> | <u>(190)</u> |
| Net Assets | | <u>1,750</u> | <u>4,036</u> |
| Capital and Reserves : | | | |
| Called up Share Capital | 15 | 100 | 100 |
| Profit and loss account | 16 | <u>1,650</u> | <u>3,936</u> |
| Equity Shareholders' Funds | 17 | <u>1,750</u> | <u>4,036</u> |

The financial statements on pages 6 to 19 were approved by the Directors and signed on their behalf by:

Name  **DIRECTOR**

Date: 27-02-97

BET CATERING SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

CASH FLOW STATEMENT

NINE MONTHS ENDED 31 DECEMBER 1996

| | <u>Notes</u> | <u>9 months to</u> <u>31.12.96</u> <u>£000</u> | <u>Year ended</u> <u>30.3.96</u> <u>£000</u> |
|--|--------------|--|--|
| Net cash inflow from operating activities | 18 | 288 | 1,982 |
| Returns on investments and servicing of finance: | | | |
| Interest received/(paid) | | 18 | (83) |
| Interest paid on finance leases | | (18) | (7) |
| Net cash (outflow) from returns on investments and servicing of finance | | — | (90) |
| Taxation: | | | |
| Taxation paid | | — | (434) |
| Investing activities: | | | |
| Purchase of tangible fixed assets | | (371) | (783) |
| Proceeds from sale of tangible fixed assets | | 53 | 89 |
| Net cash (outflow) from investing activities | | (318) | (694) |
| Net cash (outflow)/inflow before financing | | (30) | 764 |
| Financing: | | | |
| Repayment of principal under finance leases | 20 | (66) | (55) |
| (Decrease)/Increase in cash and cash equivalents: | | | |
| (Decrease)/Increase in cash at bank and in hand | 19 | (96) | 709 |

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

- a) Basis of preparation of financial statements - The financial statements are prepared according to the historical cost convention.
- b) Turnover - Turnover represents the amount receivable for goods and services supplied to customers by the Company, excluding value added tax and net of trade discounts. Turnover includes amounts receivable for goods and management fees where the Company acts as agent.
- c) Fixed assets and depreciation - Fixed assets are depreciated on a straight line basis by reference to cost, the anticipated useful lives of the assets concerned, and residual value. The following rates have been used:

| | | |
|-----------------------|---|-------------|
| Motor vehicles | - | 25% on cost |
| Plant and Machinery | - | 20% on cost |
| Fixtures and Fittings | - | 20% on cost |

- d) Stocks - Stocks are valued at latest purchase prices, which are not materially different from the lower of cost and net realisable value.
- e) Pensions - The Company participates in group pension schemes operated by BET Public Limited Company. Most of the pension schemes are of the defined benefit type and the assets are held in separate trustee administered independent funds. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effect of variations from regular costs is spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for further withdrawals. The latest actuarial assessment of the scheme was at 5 April 1994. Particulars of the valuation of the group schemes are contained in the financial statements of BET Public Limited Company.

The total pension cost for the Company during the period was : £352,351 (1995 - £439,000).

- f) Deferred taxation - The charge for corporation tax is based on the profit for the nine months and takes into account taxation deferred because of differences between the treatment of certain items for taxation and accounting purposes. Provision is made for other timing differences to the extent that it is probable that a liability or asset will crystallise.

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES (CONTINUED)

- g) **Finance and Operating leases** - Operating leases are charged to the profit and loss account on a straight line basis irrespective of when the payments are due. Leasing agreements which transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

2. TURNOVER

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of catering services provided in the United Kingdom.

3. EXCEPTIONAL ITEMS

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|--|-----------------------------|---------------------------|
| | £000 | £000 |
| The following items included within operating profit qualify as exceptional by virtue of their size: | | |
| Included in cost of sales: | | |
| Ill health retirement costs | (348) | nil |
| Industrial relations costs | (388) | nil |
| Cost of writing off irrecoverable debtors | (492) | nil |
| Rephased labour cost | (112) | nil |
| Stock revaluation | (221) | nil |
| Adjustment to release of legal claim receipts | (905) | 523 |

Included in administrative expenses:

| | | |
|--|-------|-----|
| Legal fees incurred in the previous year | (150) | nil |
|--|-------|-----|

4. INTEREST (PAYABLE)

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|---|-----------------------------|---------------------------|
| | £000 | £000 |
| Interest receivable | 18 | nil |
| Interest (payable) on bank loans and overdrafts repayable within five years | nil | (83) |
| Finance lease charges | (18) | (7) |
| Interest (payable) | — | (90) |

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/Profit on ordinary activities before taxation is stated after charging the following:-

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|--|-----------------------------|---------------------------|
| | £000 | £000 |
| Equipment hire under operating leases: | | |
| Plant & Machinery | 23 | 9 |
| Other Equipment | 201 | 218 |
| Depreciation - owned assets | 355 | 416 |
| - leased assets | 59 | 23 |
| Auditors' remuneration | 47 | 45 |
| Profit on sale of fixed assets | <u>6</u> | <u>22</u> |

6. DIRECTORS AND EMPLOYEES

The average number of persons (including directors) employed by the Company during the period was:-

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|----------------|-----------------------------|---------------------------|
| | Number | Number |
| By activity: | | |
| Catering | 11,912 | 12,752 |
| Administration | 157 | 172 |
| | <u>12,069</u> | <u>12,924</u> |

The aggregate payroll of these persons was as follows:

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|-----------------------|-----------------------------|---------------------------|
| | £000 | £000 |
| Wages and salaries | 30,354 | 38,935 |
| Social security costs | 912 | 1,380 |
| Other pension costs | 352 | 439 |
| | <u>31,618</u> | <u>40,754</u> |

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

6. DIRECTORS AND EMPLOYEES (CONTINUED)

Directors' emoluments:

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|--|-----------------------------|---------------------------|
| | <u>£000</u> | <u>£000</u> |
| Emoluments (including pension contributions and benefits in kind) | <u>114</u> | <u>123</u> |
| Directors' emoluments (excluding pension contributions) include amounts paid to: | | |
| The Chairman | - | - |
| The highest paid Director | <u>83</u> | <u>89</u> |

The number of directors (including the Chairman and the highest paid Director) who received emoluments (excluding pension contributions) in the following ranges was:

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|-------------------|-----------------------------|----------------------------|
| | <u>Number of Directors</u> | <u>Number of Directors</u> |
| £ 0 - £5,000 | 5 | 3 |
| £80,001 - £85,000 | 1 | - |
| £85,001 - £90,000 | - | 1 |

7. TAXATION

The taxation charge based on the (loss)/profit for the period comprises:

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|---------------------------|-----------------------------|---------------------------|
| | <u>£000</u> | <u>£000</u> |
| UK corporation tax at 33% | | |
| - current period | (282) | (973) |
| - prior period | - | (9) |
| Deferred tax | - | 31 |
| | <u>(282)</u> | <u>(951)</u> |

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

8. TANGIBLE FIXED ASSETS

| | <u>Motor Vehicles</u> <u>£000</u> | <u>Plant & Machinery</u> <u>£000</u> | <u>Fixtures & Fittings</u> <u>£000</u> | <u>Total</u> <u>£000</u> |
|------------------------------|--|---|---|-----------------------------|
| <u>Cost</u> | | | | |
| At 30 March 1996 | 838 | 1,231 | 279 | 2,348 |
| Additions | 174 | 344 | 16 | 534 |
| Disposals | (119) | (5) | (5) | (129) |
| | — | — | — | — |
| At 31 December 1996 | <u>893</u> | <u>1,570</u> | <u>290</u> | <u>2,753</u> |
| <u>Depreciation</u> | | | | |
| At 30 March 1996 | 252 | 429 | 88 | 769 |
| Charge for the period | 156 | 215 | 43 | 414 |
| Disposals | (82) | (-) | (-) | (82) |
| | — | — | — | — |
| At 31 December 1996 | <u>326</u> | <u>644</u> | <u>131</u> | <u>1,101</u> |
| <u>Net Book Value</u> | | | | |
| At 31 December 1996 | <u>567</u> | <u>926</u> | <u>159</u> | <u>1,652</u> |
| At 30 March 1996 | <u>586</u> | <u>802</u> | <u>191</u> | <u>1,579</u> |

The net book value of tangible fixed assets includes an amount of £351,801 (1996: £254,288) in respect of assets held under finance leases.

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

9. STOCK

| | <u>31.12.96</u> | <u>30.3.96</u> |
|-------------------------------|-----------------|----------------|
| | <u>£000</u> | <u>£000</u> |
| Raw materials and consumables | 1,685 | 1,701 |
| Garments in use | 41 | 149 |
| Work in progress | <u>34</u> | <u>41</u> |
| | <u>1,760</u> | <u>1,891</u> |

10. DEBTORS

Amounts falling due within one year :

| | <u>31.12.96</u> | <u>30.3.96</u> |
|---------------------------------|-----------------|----------------|
| | <u>£000</u> | <u>£000</u> |
| Trade debtors | 8,169 | 9,596 |
| Amounts owed by group companies | 248 | 205 |
| Other debtors | 1,822 | 1,857 |
| Prepayments and accrued income | 1,100 | 648 |
| | <u>11,339</u> | <u>12,306</u> |

11. CREDITORS

Amounts falling due within one year:

| | <u>31.12.96</u> | <u>30.3.96</u> |
|------------------------------------|-----------------|----------------|
| | <u>£000</u> | <u>£000</u> |
| Trade creditors | 6,371 | 8,384 |
| Amounts owed to group companies | 701 | 523 |
| Corporation tax | 1,255 | 973 |
| Other taxation and social security | 3,302 | 2,774 |
| Accruals | 4,365 | 2,272 |
| Obligations under finance leases | 100 | 64 |
| | <u>16,094</u> | <u>14,990</u> |

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

12. CREDITORS

Amounts falling due after more than one year:

| | <u>31.12.96</u> | <u>30.3.96</u> |
|----------------------------------|-----------------|----------------|
| | <u>£000</u> | <u>£000</u> |
| Obligations under finance leases | <u>251</u> | <u>190</u> |

The net finance lease obligations to which the Company is committed are:

| | <u>31.12.96</u> | <u>30.3.96</u> |
|----------------------------|-----------------|----------------|
| | <u>£000</u> | <u>£000</u> |
| Repayable: | | |
| In one year or less | 100 | 64 |
| Between one and five years | <u>251</u> | <u>190</u> |
| | <u>351</u> | <u>254</u> |

13. OPERATING LEASES

At 31 December 1996 the Company had annual commitments under non-cancellable operating leases as follows:

| | <u>31.12.96</u> | <u>30.3.96</u> | <u>31.12.96</u> | <u>30.3.96</u> |
|----------------------------|-------------------|-------------------|-----------------|----------------|
| | <u>Land &</u> | <u>Land &</u> | <u>Other</u> | <u>Other</u> |
| | <u>Buildings</u> | <u>Buildings</u> | | |
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| Leases expiring: | | | | |
| Within one year | 6 | 14 | 6 | 8 |
| Between two and five years | <u>234</u> | <u>199</u> | <u>7</u> | <u>22</u> |
| | <u>240</u> | <u>213</u> | <u>13</u> | <u>30</u> |

14. DEFERRED TAXATION

| | <u>Amount</u> | <u>Total Potential</u> |
|--|-----------------|------------------------|
| | <u>Provided</u> | <u>Asset</u> |
| | <u>31.12.96</u> | <u>31.12.96</u> |
| | <u>£000</u> | <u>£000</u> |
| Tax effect of timing differences : | | |
| Excess of depreciation over capital allowances | - | (20) |
| Other | <u>-</u> | <u>948</u> |
| | <u>-</u> | <u>928</u> |

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

15. SHARE CAPITAL

| | <u>31.12.96</u> £000 | <u>30.3.96</u> £000 |
|--|-------------------------|------------------------|
| <u>Authorised</u> | | |
| 75,000 "B" Ordinary Shares of £1 each | 75 | 75 |
| 25,000 "A" Ordinary Shares of £1 each | <u>25</u> | <u>25</u> |
| | <u>100</u> | <u>100</u> |
| <u>Allotted called up and fully paid:</u> | | |
| 75,000 "B" Ordinary Shares of £1 each | 75 | 75 |
| 25,000 "A" Ordinary Shares of £1 each | <u>25</u> | <u>25</u> |
| | <u>100</u> | <u>100</u> |

"A" and "B" ordinary shares rank equally in respect of dividend rights, voting rights and priority on winding up.

The number of shares held by the immediate parent undertaking BET Developments Ltd is 75,000 "B" ordinary shares.

16. PROFIT AND LOSS ACCOUNT

| | £000 |
|--------------------------|----------------|
| At 30 March 1996 | 3,936 |
| Loss for the nine months | <u>(2,286)</u> |
| At 31 December 1996 | <u>1,650</u> |

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>31.12.96</u> £000 | <u>30.3.96</u> £000 |
|---|-------------------------|------------------------|
| (Loss)/Profit on ordinary activities after taxation | (2,286) | 1,945 |
| Opening shareholders' funds | <u>4,036</u> | <u>2,091</u> |
| Closing shareholders' funds | <u>1,750</u> | <u>4,036</u> |

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

18. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|---|-----------------------------|---------------------------|
| | <u>£000</u> | <u>£000</u> |
| Operating (loss)/profit | (2004) | 2,986 |
| Depreciation | 414 | 439 |
| Profit on disposal of tangible fixed assets | (6) | (22) |
| Decrease in stocks | 131 | 454 |
| Decrease/(Increase) in debtors | 967 | (1,736) |
| Increase/(Decrease) in creditors | <u>786</u> | <u>(139)</u> |
| Net cash inflow from operating activities | <u>288</u> | <u>1,982</u> |

19. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

| | <u>9 Months to 31.12.96</u> | <u>Year ended 30.3.96</u> |
|---|-----------------------------|---------------------------|
| | <u>£000</u> | <u>£000</u> |
| Balance at 30 March 1996/1 April 1995 | 3,440 | 2,731 |
| Net cash (outflow)/inflow | (96) | 709 |
| Balance at 31 December 1996/ 30 March 1996 | <u>3,344</u> | <u>3,440</u> |

20. ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

| | <u>31.12.96</u> |
|---|----------------------|
| | <u>Finance lease</u> |
| | <u>obligations</u> |
| | <u>£000</u> |
| At 30 March 1996 | 254 |
| Inception of finance lease contracts | 163 |
| Repayments of principal on finance leases | <u>(66)</u> |
| At 31 December 1996 | <u>351</u> |

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

21. SUBSIDIARY UNDERTAKING

The Company's subsidiary, BET Catering Limited, which is 100% owned is registered in England and Wales. The principal activity of BET Catering Limited is the provision of administrative and other services.

In the opinion of the directors, the value of the Company's interest in the subsidiary is not less than the £100 of share capital disclosed in the BET Catering Limited financial statements. The amount, due to its size, is not stated on the face of the balance sheet of the Company.

Consolidated financial statements are not prepared as BET Catering Services Limited is itself a majority owned subsidiary of Rentokil Initial plc, a company registered in England and Wales.

22. CAPITAL COMMITMENTS

As at 31 December 1996 there were no capital commitments.

23. CONTINGENT LIABILITIES

| | <u>31.12.96</u> | <u>30.3.96</u> |
|--|-----------------|----------------|
| | <u>£000</u> | <u>£000</u> |
| Amount of bonds, guarantees and indemnities for contract performance | <u>550</u> | <u>1,305</u> |

24. RELATED PARTY TRANSACTIONS

The Company provides catering services for a fellow subsidiary undertaking, Initial Healthcare Services Limited. The amount credited in respect of the nine month period was £1,614,341 (year ended 30.3.96: £1,690,155). The amount due from the related party as at 31 December 1996 was £172,424 (30.3.96: £103,020).

The Company receives payroll services from a fellow subsidiary undertaking, Initial Contract Services Limited. The amount charged in respect of the nine month period was £134,351 (year ended 30.3.96: £163,723). The amount due to the related party as at 31 December 1996 was £nil (30.3.96: £nil).

The Company receives insurance services from its intermediate parent undertaking, BET plc. The amount charged in respect of the nine month period was £487,031 (year ended 30.3.96: £367,857). The amount due to the related party as at 31 December 1996 was £nil (30.3.96: £nil).

The Company receives administration and other services from its subsidiary undertaking, BET Catering Limited. The amount charged in respect of the nine month period was £1,665,107 (year ended 30.3.96: £1,608,518). The amount due to the related party as at 31 December 1996 was £668,623 (30.3.96: £490,779).

BET CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 1996

25. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is BET Developments Limited. The Company's ultimate parent undertaking is Rentokil Initial Public Limited Company, a company registered in England and Wales and copies of their financial statements may be obtained from:- The Secretary, Rentokil Initial Public Limited Company, Felcourt, East Grinstead, West Sussex RH19 2JY.