

INITIAL CATERING SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2001



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REGISTERED NUMBER: 2505731

INITIAL CATERING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 DECEMBER 2001

The directors submit their report and audited financial statements for the year ended 29 December 2001.

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 year is given in the profit and loss account on page 5. On 30 March 2001 the Company paid a dividend of £1,212,000 (2000 £1,750,000) in respect of the year. The retained loss of £711,000 (2000 £32,000 profit) has been transferred to reserves.

CREDITOR PAYMENT POLICY

It is the policy of Rentokil Initial 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. At the year end the balance owing to trade creditors represented 66 days of the total invoiced supplies for the year (2000 64 days).

POST BALANCE SHEET EVENTS

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

DIRECTORS

The directors who served during the year were: -

Mr JHN Gibson
Mr JK Walker
Mr P Griffiths
Mr IJ Carruthers
Mr CMN Ward

INITIAL CATERING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

DIRECTORS' INTERESTS

None of the directors had any beneficial interest in the share capital of the Company.

The beneficial interests of the directors in the ordinary shares of Rentokil Initial plc at 29 December 2001 and 30 December 2000 were: -

	Ordinary Shares		Share Option Schemes	
	2001	2000	2001	2000
Mr JHN Gibson	-	-	-	-
Mr JK Walker	-	-	130,885	108,006
Mr P Griffiths	54	54	113,395	99,567
Mr IJ Carruthers	-	-	-	-
Mr CMN Ward	9,618	13,865	678,302	525,403

Mr JK Walker was granted 40,879 options during the year. A total of 18,000 options were exercised during the year and these shares were subsequently sold prior to the year end.

Mr P Griffiths was granted 38,673 options and had 4,845 options cancelled during the year. A total of 20,000 options were exercised during the year and these shares were subsequently sold prior to the year end.

Mr CMN Ward was granted 159,897 options and had 4,845 options cancelled during the year. A total of 2,153 options were exercised during the year and 6,400 shares were sold.

EMPLOYMENT POLICIES

The Company 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, the Company maintains a policy of providing secure working conditions and appropriate training standards at all locations.

INITIAL CATERING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

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 period. 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;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 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

Our auditors, PricewaterhouseCoopers, are willing to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



JK WALKER
Director

Date.....1 March 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INITIAL CATERING SERVICES LIMITED**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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 on page 3.

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.

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.

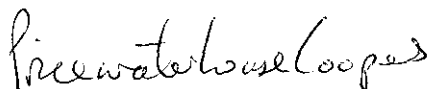
Basis of audit opinion

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 29 December 2001 and of its result and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
West London

Date.....1 March 2002

INITIAL CATERING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 DECEMBER 2001

	Notes	2001 £'000	2000 £'000
Turnover	1b,2	71,918	63,462
Cost of sales		<u>(66,705)</u>	<u>(56,833)</u>
Gross profit		5,213	6,629
Distribution costs		(664)	(799)
Administrative expenses		<u>(4,145)</u>	<u>(3,713)</u>
Operating profit		404	2,117
Interest receivable and similar income	3	443	439
Interest payable and similar charges	3	<u>(40)</u>	<u>(40)</u>
Profit on ordinary activities before taxation	4	807	2,516
Tax on profit on ordinary activities	7	<u>(306)</u>	<u>(734)</u>
Profit for the financial year	18	501	1,782
Dividend	8	<u>(1,212)</u>	<u>(1,750)</u>
Retained (loss) / profit	17	<u><u>(711)</u></u>	<u><u>32</u></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.

The notes on pages 8 to 18 form part of these financial statements.

INITIAL CATERING SERVICES LIMITED

BALANCE SHEET AS AT 29 DECEMBER 2001

		29 December 2001	30 December 2000
	Notes	£'000	£'000
Tangible fixed assets	9	1,160	1,320
Current assets			
Stock	10	1,617	1,231
Debtors	11	11,512	9,507
Cash at bank and in hand		<u>10,994</u>	<u>10,254</u>
		24,123	20,992
Creditors - Amounts falling due within one year	12	<u>(17,474)</u>	<u>(13,850)</u>
Net current assets		<u>6,649</u>	<u>7,142</u>
Total assets less current liabilities		7,809	8,462
Creditors - Amounts falling due after more than one year	13	<u>(453)</u>	<u>(395)</u>
Net assets		<u>7,356</u>	<u>8,067</u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	17	<u>7,256</u>	<u>7,967</u>
Equity shareholders' funds	18	<u>7,356</u>	<u>8,067</u>

The financial statements were approved by the Directors and signed on their behalf by:


JK WALKER
Director

Date... 1 March 2002

The notes on pages 8 to 18 form part of these financial statements.

INITIAL CATERING SERVICES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 29 DECEMBER 2001

	Notes	2001 £'000	2000 £'000
Net cash inflow from operating activities	19	2,664	2,412
Returns on investments and servicing of finance			
Interest received		443	439
Interest element of finance lease rental payments		(40)	(40)
		403	399
Taxation			
UK corporation tax paid		(669)	(979)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(261)	(381)
Receipts from sales of tangible fixed assets		<u>26</u>	<u>51</u>
		(235)	(330)
Equity dividends paid		(1,212)	(1,750)
Financing			
Capital element of finance lease rental payments		(211)	(271)
Increase / (decrease) in cash	20	<u>740</u>	<u>(519)</u>

The notes on pages 8 to 18 form part of these financial statements.

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 2001

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 amounts 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 useful lives applied are as follows:

Motor Vehicles	-	3 or 4 years
Plant and Machinery	-	2 to 5 years
Computer Equipment	-	3 to 5 years
Fixtures and Fittings	-	5 years

d) Stocks

Stocks are valued at latest purchase prices, which are not materially different from the lower of cost and net realisable value.

e) Pension costs

Some of the Company's employees participate in several sections of the group pension scheme operated by Rentokil Initial plc. The pension scheme is of the defined benefit type and the assets are held in a separate trustee administered fund.

The contributions to the pension scheme are based on pension costs across the group as a whole. The Company is unable to identify its share of the underlying assets and liabilities of the group scheme on a consistent and reasonable basis and, as such, contributions made to the scheme during the year have been accounted for as if they were to a defined contribution scheme in accordance with paragraph 9 of FRS17 "Retirement Benefits".

Information relating to the pension scheme is contained in the financial statements of Rentokil Initial plc.

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

1. ACCOUNTING POLICIES (CONTINUED)

f) Deferred taxation

The charge for corporation tax is based on the profit for the twelve 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.

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 that 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.

h) Group Accounts

The Company has not prepared consolidated accounts on the basis that it is exempt from having to do so under Section 228 of the Companies Act 1985 as it is a majority owned subsidiary of Rentokil Initial plc, a company registered in England and Wales. These financial statements present information about the Company as an individual undertaking and not about its group.

2. TURNOVER

Turnover is attributable to catering services provided in the United Kingdom.

3. INTEREST

	2001 £'000	2000 £'000
Bank interest receivable	<u>443</u>	<u>439</u>
Finance lease interest payable	<u>40</u>	<u>40</u>

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging the following: -

	2001 £'000	2000 £'000
Operating leases		
Hire of plant & machinery	-	-
Other operating leases	399	262
Depreciation - owned assets	351	263
- leased assets	249	226
(Loss) / profit on sale of fixed assets	(2)	26
Auditors' remuneration	<u>51</u>	<u>51</u>

Non-audit fees paid to the auditors in the year amounted to £Nil (2000 £2,000).

5. EMPLOYEES

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

By activity	2001 Number	2000 Number
Catering	7,419	6,573
Administration	<u>150</u>	<u>113</u>
	<u>7,569</u>	<u>6,686</u>

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

5. EMPLOYEES (CONTINUED)

The aggregate payroll of these persons was as follows: -

	2001 £'000	2000 £'000
Wages and salaries	36,583	30,347
Social security costs	1,330	1,071
Other pension costs	<u>905</u>	<u>721</u>
	<u>38,818</u>	<u>32,139</u>

A large proportion of the Company's employees is either not entitled to, or does not accept membership of, the pension scheme. Consequently the pension scheme costs of the Company are a relatively small proportion of the total employee costs.

6. DIRECTORS' EMOLUMENTS

	2001 £'000	2000 £'000
Aggregate emoluments	<u>132</u>	<u>125</u>

Retirement benefits are accruing for one director (2000 one) under a defined benefit pension scheme.

Four of the directors are not remunerated for their services to the Company.

7. TAXATION

The taxation charge based on the profit for the year comprises: -

	2001 £'000	2000 £'000
UK corporation tax at 30% (2000 30%)		
- current year	285	734
- prior year	<u>21</u>	<u>-</u>
	<u>306</u>	<u>734</u>

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

8. DIVIDEND

	2001 £'000	2000 £'000
Paid in year		
"A" ordinary shares	303	437
"B" ordinary shares	<u>909</u>	<u>1,313</u>
	<u>1,212</u>	<u>1,750</u>

9. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000	Plant & Machinery £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost					
30 December 2000	1,100	261	1,693	259	3,313
Additions	259	29	163	17	468
Disposals	<u>(179)</u>	<u>(52)</u>	<u>(417)</u>	<u>(88)</u>	<u>(736)</u>
29 December 2001	<u>1,180</u>	<u>238</u>	<u>1,439</u>	<u>188</u>	<u>3,045</u>
Depreciation					
30 December 2000	441	119	1,191	242	1,993
Charge for the year	273	92	224	11	600
Disposals	<u>(153)</u>	<u>(52)</u>	<u>(415)</u>	<u>(88)</u>	<u>(708)</u>
29 December 2001	<u>561</u>	<u>159</u>	<u>1,000</u>	<u>165</u>	<u>1,885</u>
Net Book Value					
29 December 2001	<u>619</u>	<u>79</u>	<u>439</u>	<u>23</u>	<u>1,160</u>
30 December 2000	<u>659</u>	<u>142</u>	<u>502</u>	<u>17</u>	<u>1,320</u>

The net book value of tangible fixed assets includes an amount of £538,000 (2000 £606,000) in respect of assets held under finance leases.

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

10. STOCK

	29 December 2001	30 December 2000
	£'000	£'000
Raw materials and consumables	1,453	1,096
Garments in use	<u>164</u>	<u>135</u>
	<u>1,617</u>	<u>1,231</u>

11. DEBTORS

	29 December 2001	30 December 2000
	£'000	£'000
Amounts falling due within one year		
Trade debtors	5,883	5,608
Amounts owed by group undertakings	398	175
Accrued income	3,688	2,602
Prepayments	1,041	775
Other debtors	<u>502</u>	<u>347</u>
	<u>11,512</u>	<u>9,507</u>

12. CREDITORS – Amounts falling due within one year

	29 December 2001	30 December 2000
	£'000	£'000
Trade creditors	9,488	6,951
Amounts owed to group undertakings	1,256	1,141
Corporation tax	285	648
Other taxation and social security	2,916	2,220
Deferred income	269	352
Accruals	2,024	1,335
Other creditors	1,012	1,009
Obligations under finance leases	<u>224</u>	<u>194</u>
	<u>17,474</u>	<u>13,850</u>

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTIUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

13. CREDITORS – Amounts falling due after more than one year

	29 December 2001 £'000	30 December 2000 £'000
Amounts owed to Group undertakings	92	-
Obligations under finance leases	<u>361</u>	<u>395</u>
	<u>453</u>	<u>395</u>

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

	29 December 2001 £'000	30 December 2000 £'000
Repayable		
Within one year	224	194
Between one and five years	361	395
After five years	<u>-</u>	<u>-</u>
	<u>585</u>	<u>589</u>

14. OPERATING LEASES

At 29 December 2001 the Company had annual commitments under non-cancellable operating leases as follows: -

	<u>Land & Buildings</u>		<u>Other</u>	
	29 December 2001 £'000	30 December 2000 £'000	29 December 2001 £'000	30 December 2000 £'000
Leases expiring				
Within one year	4	1	5	4
Between one and five years	402	402	1	9
After five years	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>
	<u>406</u>	<u>412</u>	<u>6</u>	<u>13</u>

15. DEFERRED TAXATION

	<u>Amount Provided</u>		<u>Total Potential Asset</u>	
	29 December 2001 £'000	30 December 2000 £'000	29 December 2001 £'000	30 December 2000 £'000
Tax effect of timing differences				
Excess of depreciation over capital allowances	-	-	90	46
Short term timing differences	<u>-</u>	<u>-</u>	<u>39</u>	<u>19</u>
	<u>-</u>	<u>-</u>	<u>129</u>	<u>65</u>

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

16. SHARE CAPITAL

	29 December 2001 £'000	30 December 2000 £'000
Authorised		
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>
Allotted, called up and fully paid		
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 Limited is 75,000 "B" ordinary shares.

17. PROFIT AND LOSS ACCOUNT

	£'000
30 December 2000	7,967
Retained loss	<u>(711)</u>
29 December 2001	<u>7,256</u>

18. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	29 December 2001 £'000	30 December 2000 £'000
Profit for the financial year	501	1,782
Dividends	(1,212)	(1,750)
Opening equity shareholders' funds	<u>8,067</u>	<u>8,035</u>
Closing equity shareholders' funds	<u>7,356</u>	<u>8,067</u>

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £'000	2000 £'000
Operating profit	404	2,117
Depreciation	600	489
Loss / (profit) on disposal of tangible fixed assets	2	(26)
(Increase) / decrease in stocks	(386)	(311)
(Increase) / decrease in debtors	(2,005)	(2,229)
Increase / (decrease) in creditors	<u>4,049</u>	<u>2,372</u>
Net cash inflow from operating activities	<u>2,664</u>	<u>2,412</u>

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £'000	2000 £'000
Increase / (decrease) in cash in the year	740	(519)
Cash flow from movement in lease financing	<u>211</u>	<u>271</u>
Change in net funds resulting from cash flows	951	(248)
New finance leases	<u>(207)</u>	<u>(322)</u>
Movement in net funds in the year	744	(570)
Net funds at 30 December 2000	<u>9,665</u>	<u>10,235</u>
Net funds at 29 December 2001	<u>10,409</u>	<u>9,665</u>

21. ANALYSIS OF CHANGES IN NET FUNDS

	30 December 2000 £'000	Cash flow £'000	Other non-cash Movements £'000	29 December 2001 £'000
Cash at bank and in hand	10,254	740	-	10,994
Finance leases	<u>(589)</u>	<u>211</u>	<u>(207)</u>	<u>(585)</u>
	<u>9,665</u>	<u>951</u>	<u>(207)</u>	<u>10,409</u>

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

22. 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 was the provision of administrative and other services. BET Catering Limited did not trade during 2001.

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.

Financial information in respect of BET Catering Limited at 29 December 2001 is as follows:

	£'000
Capital and reserves	1,100
Profit for the year	-

23. RELATED PARTY TRANSACTIONS

The Company has transactions with other members of the Rentokil Initial group, of which the principle transactions are as follows:

- The Company provides catering services for a fellow subsidiary undertaking, Rentokil Initial Management Services Limited. The amount credited in respect of the year was £1,185,019 (2000: £1,075,256). The amount due from the related party as at 29 December 2001 was £190,975 (2000: £16,796).
- The Company provides catering services for a fellow subsidiary undertaking, Initial Healthcare Services Limited. The amount credited in respect of the year was £254,895 (2000: £307,255). The amount due from the related party as at 29 December 2001 was £27,771 (2000: £21,751).
- The Company provides catering services for its ultimate parent undertaking, Rentokil Initial plc. The amount credited in respect of the year was £661,722 (2000: £650,911). The amount due from the related party as at 29 December 2001 was £163,654 (2000: £108,662).
- The Company receives various recharged services (principally insurance, legal and pension administration) from its ultimate parent undertaking, Rentokil Initial plc. The amount charged in respect of the year was £817,546 (2000: £653,176). The amount due to the related party as at 29 December 2001 was £75,206 (2000: £11,519 debtor).
- The Company receives administration and other services from its subsidiary undertaking, BET Catering Limited. The amount charged in respect of the year was £Nil (2000: £516,904). The amount due to the related party as at 29 December 2001 was £1,099,541 (2000: £1,114,541).

INITIAL CATERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 DECEMBER 2001

24. ULTIMATE PARENT UNDERTAKING

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

25. PENSION SCHEMES

The Company participates in several sections of the group pension scheme operated by Rentokil Initial plc. The pension scheme is of the defined benefit type and the assets are held in a separate trustee administered fund. The fund is 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.

The Company is unable to identify its share of the underlying assets and liabilities of the group scheme on a consistent and reasonable basis and, as such, contributions made to the scheme during the year have been accounted for as if they were to a defined contribution scheme in accordance with paragraph 9 of FRS17 "Retirement Benefits". The total pension cost for the Company was £905,000 (2000: £721,000).

Particulars of the valuation of the group scheme, including details concerning any surplus or deficit in the group scheme, can be found in the consolidated financial statements of Rentokil Initial plc which are publicly available.

26. CAPITAL COMMITMENTS

As at 29 December 2001 the Company had no capital commitments.

27. CONTINGENT LIABILITIES

Guarantees

	29 December 2001 £'000	30 December 2000 £'000
Amount of bonds, guarantees and indemnities for contract performance	<u>144</u>	<u>144</u>