

Company Registration No. 3056469

OCS LIMITED

Report and Financial Statements

31 March 2003

Deloitte & Touche
London



REPORT AND FINANCIAL STATEMENTS 2003

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OCS LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr. C.D. Cracknell
Mr. P.L. Armitage
Mr. P.G. Emburey
Mr. M.B. Gammon
Mr. P.D Jury
Mr. M.A. Loftus
Mr. J.F. Oliver
Mr. L.R. Setters
Mr. S. G. Waud
Mr. O.W. Weisflog

SECRETARY

Mr. M. Clark

REGISTERED OFFICE

79 Limpsfield Road, Sanderstead, Surrey CR2 9LB

BANKERS

Barclays Bank PLC, 8 George Street, Richmond, Surrey TW9 1JU
HSBC plc, City of London, P.O. Box 125, 27-32 Poultry, London EC2P 2BX
Lloyds TSB Bank plc, City Office, 72 Lombard Street, London EC3P 3BT
National Westminster Bank PLC, Bloomsbury Parr's Branch, 214 High Holborn, London WC1X 8OB

SOLICITORS

Nabarro Nathanson, Lacon House, Theobalds Road, London WC1X 8RW

AUDITORS

Deloitte & Touche, Chartered Accountants, London

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The Company's principal activities are the provision of property support services.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The year under review has been successful, particularly when compared with the previous twelve months. This was reinforced by strong divisional performances and business development activities. The development of the business through OCS "One Complete Solution" continues to go from strength to strength bringing benefits for both customers and employees alike.

On 1 April 2002 the goodwill, assets and liabilities of Aviation & Airport Services Limited, Duncan McLean & Co. Limited, Galago Limited, John Churchill (Valuers) Limited, OCS Access Limited, OCS Wales Limited, Sovereign Catering Services Limited, TML Limited and Trident Contract Services Limited, all fellow subsidiary companies of O.C.S. Group Limited, were transferred to the Company at book value. The synergy created by this move will allow all businesses to benefit from an increase in service density within the client portfolio.

The market for property support services remains extremely exciting and dynamic, and although the Company is operating in a tough economic environment, the directors are confident about the future, delivering OCS "One Complete Solution" to the customer.

RESULTS AND DIVIDENDS

Details of the results for the year are set out in the profit and loss account on page 7 and in the notes on pages 9 to 13.

The financial position at the year end is set out in the balance sheet on page 8 and in the notes on pages 14 to 19. An interim dividend of £Nil (2002 - £Nil) has been paid during the year.

The Directors do not recommend the payment of a final dividend (2002 - £Nil).

DIRECTORS

The Directors who served throughout the year, unless otherwise stated, were as follows:

Mr. C.D. Cracknell	(Appointed Chairman, stepped down as Managing Director 5 August 2002)
Mr. P.L. Armitage	
Mr. P.G. Emburey	
Mr. M.B. Gammon	
Mr. P.D. Jury	(Appointed Managing Director 5 August 2002)
Mr. M.A. Loftus	
Mr. J.F. Oliver	
Mr. F.C. O'Toole	(Appointed 29 April 2002 and resigned 11 December 2002)
Mr. L.R. Setters	
Mr. S.G. Waud	(Appointed 11 December 2002)
Mr. O.W. Weisflog	

None of the Directors had any interest in the shares of the Company or any other UK Group companies at 31 March 2003 or 31 March 2002 or on appointment except as noted below.

Messrs C.D. Cracknell, P.L. Armitage, P.G. Emburey, P.D. Jury, J.F. Oliver, L.R. Setters, S.G. Waud and O.W. Weisflog are directors of the ultimate parent company O.C.S. Group Limited and accordingly their interest in the share capital of that company is shown in the report of its directors.

Mr M.B. Gammon had an interest in 1,000 (2002 - 1,000) employee shares of 10p each of O.C.S. Group Limited, the ultimate parent company at 31 March 2003.

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

The Company recognises that its principal asset is its employees and their commitment to its service, standards and customers. Decisions are made wherever possible in consultation with the Company's divisional and regional management. Communication methods to employees vary according to need, but include employee reports, house journals, newsletters, booklets, video updates, bulletins and management briefings.

The Company offers equal opportunities to all applicants regardless of race, creed, sex, ethnic origin, age or disability. Disabled persons are considered for employment where they have the appropriate skills and abilities to perform the job. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

The Company is committed to ensuring that the training of staff in operating skills, as well as providing opportunities for personal development, remains an essential part of Company policy.

HEALTH AND SAFETY

A commitment to the health and safety of our employees and clients is established in an OCS Group Limited overall policy which is co-ordinated by a Group Board Director. Each company within the Group is responsible for implementation of the policy through sound training, documented procedures and regular safety committee meetings that take in all Group companies.

This responsibility is supported by our qualified health and safety officers available for on-site inspections and in an advisory capacity.

THE COMMUNITY AND THE ENVIRONMENT

The Group recognises that meeting environmental responsibilities is an integral part of its business operations. A Group Board Director has specific responsibility for the environmental policy and throughout the Group there is a commitment to provide the knowledge, skills and resources required to support an effective environmental policy within the Group's wider commercial objectives. The Group has carried out environmental audits of its leasehold and freehold property portfolio. This commitment will continue on a regular basis.

Each company within the Group has adopted the overall framework of the environmental policy. Procedures and processes have been implemented which endeavour to minimise potential damage to the environment, by the use of products and work methods which minimise risk to employees and clients, as well as limit emissions and waste.

Heightened public awareness and increased legislation provide a focal point for developing environmentally friendly techniques and solutions to problems, both in the Group's traditional activities, and in offering opportunities to develop new business.

CREDITOR PAYMENT POLICY

For trade creditors, it is the Company's policy to negotiate the terms of payment with suppliers and pay accordingly.

DIRECTORS' REPORT

AUDITORS

On 1 August 2003 Deloitte & Touche will transfer their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. However, at present they remain the Company's auditors and have signed the accounts in that capacity. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP will be the auditor of the company for the forthcoming financial year under the provisions of section 386(2) of the Companies Act 1985.

79 Limpsfield Road
Sanderstead
Surrey
CR2 9LB

Approved by the Board
of Directors and signed
on behalf of the Board



M. Clark
Secretary

31 July 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; and
- 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 also responsible for the systems of internal control for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCS LIMITED

We have audited the financial statements of OCS Limited for the year ended 31 March 2003, which comprise the profit and loss account, the balance sheet and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the Company is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the Company, 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 as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Deloitte & Touche

Chartered Accountants and Registered Auditors
London

31 July 2003

OCS LIMITED

PROFIT & LOSS ACCOUNT
Year ended 31 March 2003

	Note	2003 £'000	2002 £'000
TURNOVER			
Ongoing operations		96,953	87,788
Acquisitions		164,698	-
TOTAL TURNOVER	3	261,651	87,788
Cost of sales		(220,471)	(68,625)
GROSS PROFIT		41,180	19,163
Administrative expenses		(36,230)	(15,654)
OPERATING PROFIT			
Ongoing operations		4,531	3,509
Acquisitions		419	-
TOTAL OPERATING PROFIT	4	4,950	3,509
Interest receivable	6	309	170
Interest payable	7	(82)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,177	3,679
Tax on profit on ordinary activities	8	(1,682)	(1,166)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	17	3,495	2,513

All the activities derive from continuing operations.

There are no recognised gains or losses nor a reconciliation of movements in shareholders' funds for the current and preceding financial year other than as stated above. Consequently, neither a statement of total recognised gains and losses nor a reconciliation of movements in shareholders' funds is presented.

OCS LIMITED

BALANCE SHEET 31 March 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Intangible assets : goodwill	9	1,830	-
Tangible assets	10	7,925	2,466
Investments	11	500	-
		<u>10,255</u>	<u>2,466</u>
CURRENT ASSETS			
Stocks	12	1,507	-
Debtors	13	47,497	16,989
Cash at bank and in hand		10,391	1,477
		<u>59,395</u>	<u>18,466</u>
CREDITORS: amounts falling due within one year	14	<u>(56,136)</u>	<u>(10,913)</u>
NET CURRENT ASSETS		<u>3,259</u>	<u>7,553</u>
NET ASSETS		<u>13,514</u>	<u>10,019</u>
CAPITAL AND RESERVES			
Called up share capital	16	2,000	2,000
Profit and loss account	17	11,514	8,019
EQUITY SHAREHOLDERS' FUNDS		<u>13,514</u>	<u>10,019</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

31 July 2003

P. D. Jury
Director

P. Emburey
Director

OCS LIMITED

NOTES TO THE ACCOUNTS

31 March 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Goodwill arising on acquisitions

On the acquisition of a subsidiary or associated undertaking the purchase consideration is allocated between the underlying net tangible and intangible assets on a fair value basis. Goodwill on acquisitions after 1 April 1998 is included on the balance sheet and amortised over its expected useful economic life, up to a maximum of 20 years.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services provided and the value of work executed on contract business.

Tangible fixed assets and depreciation

For all tangible fixed assets depreciation is provided to write down their cost to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives. Where necessary, an impairment is recorded to recognise any reduction in the fixed asset's recoverable amount. The rates of depreciation are as follows:

Short leasehold property	Over the period of the lease
Motor vehicles	25 - 33 $\frac{1}{3}$ % per annum
Plant, equipment, fixtures and fittings	10 - 33 $\frac{1}{3}$ % per annum

Second hand fixed assets are depreciated over their estimated useful economic lives resulting in a depreciation charge in excess of that stated above.

Investments

Investments held as fixed assets are stated at cost less provision required to recognise any impairment in the investment's recoverable amount.

Stocks

Stocks are stated at the lower of cost and net realisable value. Contract work-in-progress is stated at cost plus, where the outcome can be assessed with reasonable certainty, estimated profits attributable to the stage of completion, less provision for any known or anticipated losses. The value of contract work is accounted for within turnover and, in accordance with SSAP 9, the excess of the book value over payments received is included within trade debtors. Long term contract balances are reduced by payments on account.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged to the profit and loss account in equal installments over the term of the lease.

OCS LIMITED

NOTES TO THE ACCOUNTS

31 March 2003

ACCOUNTING POLICIES - continued

Pensions

The Company participates in the OCS Group Staff Pension and Assurance Scheme, the OCS Group Pension Savings Scheme and the OCS Group Transfer of Undertakings Pension Scheme. The pension costs are assessed in accordance with the advice of an independent, qualified actuary and are charged to the profit and loss account so as to spread the costs over the expected service lives of participating employees in accordance with SSAP 24. The transitional disclosures required by FRS 17 have been included in both the financial statements of the company and those of O.C.S. Group Limited.

Group Accounts

The company has taken advantage of s228 of the Companies Act 1985 not to produce consolidated accounts on the grounds that it is exempt because its parent company, O.C.S. Group Limited, does produce consolidated accounts.

Cash Flow Statement

The company is a wholly owned subsidiary of O.C.S. Group Limited and the cash flows of the Company are included in the consolidated group cash flow statement. Accordingly, the company has taken advantage of the exemption under the terms of FRS 1 not to publish a cash flow statement.

Deferred Income

Amounts received and receivable under service contracts relating to services not yet performed are carried forward as deferred income.

2. ACQUISITION OF BUSINESS DURING THE YEAR

On 1 April 2002 the Company acquired the goodwill, assets and liabilities of Aviation & Airport Services Limited, Duncan McLean & Co. Limited, Galago Limited, John Churchill (Valuers) Limited, OCS Access Limited (combined with OCS Safety), OCS Wales Limited, Sovereign Catering Services Limited, TML Limited and Trident Contract Services Limited, all fellow subsidiary companies of OCS Group Limited, for a total consideration of £19,294,000. This acquisition has been accounted for using the acquisition accounting method.

The audited results of the businesses acquired for the year prior to the acquisition and the year post the acquisition are summarised below:

	Financial year ended 31 March 2003 £'000	Financial year ended 31 March 2002 £'000
Turnover	164,698	163,495
Cost of sales	(144,793)	(141,873)
Gross profit	19,905	21,622
Administrative expenses	(19,486)	(22,263)
Operating profit/(loss)	419	(641)

All activities derive from continuing operations.

OCS LIMITED

NOTES TO THE ACCOUNTS

31 March 2003

ACQUISITION OF BUSINESSES DURING THE YEAR - continued

The following aggregate provisional fair values were attributed to the major categories of assets and liabilities acquired:

	Book value	Fair value adjustments	Provisional fair value
	£'000	£'000	£'000
Intangible Fixed Assets	1,957	-	1,957
Tangible Fixed Assets	4,939	-	4,939
Stocks	2,169	-	2,169
Debtors	30,768	-	30,768
Cash at bank and in hand	5,612	-	5,612
Creditors	(26,151)	-	(26,151)
	<hr/>	<hr/>	<hr/>
Total net assets acquired	19,294	-	19,294
	<hr/>	<hr/>	<hr/>
Cost of acquisition of the business			19,294
			<hr/>
Discharged by: Intragroup loan			19,294
			<hr/>

These fair values are disclosed by acquired entity in Note 23.

3. TURNOVER AND PROFITS

The turnover and profits derive from one activity, being property support services, whose geographical analysis by location and origin is materially within the United Kingdom.

4. OPERATING PROFIT

	2003	2002
	£'000	£'000
Operating profit is after charging/(crediting):		
Depreciation of tangible assets		
Owned assets	3,988	1,269
Rentals under operating leases		
Hire of plant & machinery	1,080	663
Other	123	-
Amortisation of goodwill	127	23
Auditors' remuneration		
Audit fees	71	24
Profit on sale of fixed assets	(332)	(87)
	<hr/>	<hr/>

OCS LIMITED

NOTES TO THE ACCOUNTS

31 March 2003

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £'000	2002 £'000
Directors' emoluments		
Management remuneration	-	723

The highest paid Director received salary and benefits (excluding pension contributions) during the year totalling £Nil (2002- £84,706). His accrued pension entitlement at 31 March 2003 was £Nil (2002 - £25,616). Management remuneration in the current year is borne by the ultimate holding company, O.C.S. Group Limited.

All Directors are members of the either the OCS Group Staff Pension and Assurance Scheme or the OCS Group Pension Savings Scheme.

Employees:	2003 No.	2002 No.
The average number, excluding Directors, employed by the Company, within each category of persons was		
Operations	21,016	10,943
Sales	68	31
Administration	444	162
	<u>21,528</u>	<u>11,136</u>

Staff costs incurred during the year in respect of these employees, excluding Directors, were:	2003 £'000	2002 £'000
Wages and salaries	175,485	60,288
Social security costs	11,333	2,912
Other pension costs	1,700	534
	<u>188,518</u>	<u>63,734</u>

6. INTEREST RECEIVABLE

	2003 £'000	2002 £'000
On amounts owed by ultimate parent company	<u>309</u>	<u>170</u>

7. INTEREST PAYABLE

	2003 £'000	2002 £'000
On amounts owed to ultimate parent company	<u>82</u>	<u>-</u>

OCS LIMITED

NOTES TO THE ACCOUNTS

31 March 2003

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
Current Taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30% (2002 - 30%)	1,780	680
Adjustment in respect of prior years	35	13
Group relief	-	451
Total Current Taxation	1,815	1,144
Deferred Taxation		
Origination and reversal of timing differences	(120)	22
Adjustment in respect of prior years	(13)	-
Tax on profit on ordinary activities	1,682	1,166

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation.

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	5,177	3,679
Tax on profit on ordinary activities before tax at standard rate	1,553	1,104
Factors affecting current taxation charge for the year:		
Expenses not deductible for tax purposes	106	49
Capital allowances for the year in excess of depreciation	-	(32)
Movement in short term timing differences	121	10
Prior period adjustments	35	13
Current tax charge for the year	1,815	1,144

OCS LIMITED

NOTES TO THE ACCOUNTS 31 March 2003

9. INTANGIBLE ASSETS : GOODWILL

	Total £'000
Cost	
At 1 April 2002	140
Additions - group	2,105
	<hr/>
At 31 March 2003	2,245
	<hr/>
Amortisation	
At 1 April 2002	140
Additions - group	148
Charge for the year	127
	<hr/>
At 31 March 2003	415
	<hr/>
Net book value	
At 31 March 2003	1,830
	<hr/>
At 31 March 2002	-
	<hr/>

OCS LIMITED

NOTES TO THE ACCOUNTS 31 March 2003

10. TANGIBLE FIXED ASSETS

	Short leasehold property	Motor vehicles	Plant, equipment, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2002	-	6,288	3,972	10,260
Additions - third party	-	3,009	1,638	4,647
- group	207	6,502	8,407	15,116
Disposals - third party	-	(3,590)	(1,692)	(5,282)
- group	-	(85)	(1)	(86)
At 31 March 2003	207	12,124	12,324	24,655
Accumulated depreciation				
At 1 April 2002	-	4,451	3,343	7,794
Additions - group	90	4,619	5,258	9,967
Charge for the year	43	2,362	1,583	3,988
Disposals - third party	-	(3,377)	(1,612)	(4,989)
- group	-	(30)	-	(30)
At 31 March 2003	133	8,025	8,572	16,730
Net book value				
At 31 March 2003	74	4,099	3,752	7,925
At 31 March 2002	-	1,837	629	2,466

OCS LIMITED

NOTES TO THE ACCOUNTS 31 March 2003

11. INVESTMENTS

	Total £'000
Cost	
At 1 April 2002	-
Additions - group	500
	<hr/>
At 31 March 2003	500
	<hr/>
Provision	
At 1 April 2002 and 31 March 2003	-
	<hr/>
Net book value	
At 31 March 2003	500
	<hr/>
At 31 March 2002	-
	<hr/>

During the year the Company acquired 100% of the issued share capital of OCS Northern Ireland Limited and OCS Scotland Limited from O.C.S. Group Limited.

12. STOCKS

	2003 £'000	2002 £'000
Raw materials and consumables	611	-
Work-in-progress	423	-
Finished goods and goods for resale	473	-
	<hr/>	<hr/>
	1,507	-
	<hr/>	<hr/>

13. DEBTORS

	2003 £'000	2002 £'000
Trade debtors	34,728	12,778
Amounts owed by ultimate parent company	9,084	3,399
Amounts owed by fellow subsidiary undertakings	305	124
Deferred tax asset (Note 15)	1,067	415
Prepayments and accrued income	2,313	273
	<hr/>	<hr/>
	47,497	16,989
	<hr/>	<hr/>

OCS LIMITED

NOTES TO THE ACCOUNTS

31 March 2003

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Bank overdrafts	707	-
Trade creditors	7,398	1,100
Amounts owed to ultimate parent company	34,299	4,200
Amounts owed to fellow subsidiary undertakings	959	1,220
Taxation	832	613
Other taxes and social security	3,576	942
Accruals and deferred income	8,365	2,838
	<u>56,136</u>	<u>10,913</u>

15. DEFERRED TAXATION

The amount of deferred tax asset recognised in the financial statements is:

	At 1 April 2002 £'000	Transferred from group companies £'000	Credit to profit and loss account £'000	At 31 March 2003 £'000
	415	519	133	1,067
	<u>415</u>	<u>519</u>	<u>133</u>	<u>1,067</u>
			2003 £'000	2002 £'000
Depreciation in excess of capital allowances			933	403
Short term timing differences			134	12
			<u>1,067</u>	<u>415</u>

16. CALLED UP SHARE CAPITAL

	2003 £000	2002 £000
Authorised		
4,000,000 (2002 - 4,000,000) ordinary shares of £1 each	4,000	4,000
	<u>4,000</u>	<u>4,000</u>
Allotted and fully paid		
2,000,000 (2002 - 2,000,000) ordinary shares of £1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

OCS LIMITED

NOTES TO THE ACCOUNTS 31 March 2003

17. PROFIT AND LOSS ACCOUNT

	£'000
Balance at 1 April 2002	8,019
Retained profit for the year	3,495
	<hr/>
Balance at 31 March 2003	11,514
	<hr/>

18. CAPITAL COMMITMENTS

	2003 £'000	2002 £'000
Future capital expenditure:		
Contracted for but not provided	591	154
	<hr/>	<hr/>

19. OPERATING LEASES

At 31 March 2003 the Company was committed to the following payments during the next year in respect of operating leases:

	Land and Buildings 2003 £'000	Other 2003 £'000
Leases which expire:		
Within one year	12	39
One to five years	180	18
Over five years	180	-
	<hr/>	<hr/>

20. CONTINGENT LIABILITIES

The Company has entered into unlimited cross-guarantees in respect of borrowings by certain Group companies. At 31 March 2003 the borrowings outstanding were £Nil (2002 - £Nil). The Company has issued guarantees and warranties in the normal course of business.

21. PENSION SCHEME

The Company is a member of both the OCS Group Staff Pension & Assurance Scheme, a defined benefit scheme closed to new members, and the OCS Group Pension Savings Scheme, which is a defined contribution scheme. The Company is also a member of the OCS Group Transfer of Undertakings Scheme for employees transferred to it under TUPE arrangements from public sector employers.

On 1 April 2000 the OCS Group Staff Pension & Assurance Scheme was closed to new members. Effective from 1 January 2000 a new defined contribution scheme, the OCS Group Pension Savings Scheme, commenced for eligible new staff employees and for those wishing to transfer from the old scheme.

OCS LIMITED

NOTES TO THE ACCOUNTS

31 March 2003

PENSION SCHEME - continued

Particulars of these schemes are given in the financial statements of O.C.S. Group Limited, including the transitional disclosures required by FRS 17 - 'Retirement Benefits'. Disclosures have not been provided here as it is not possible to identify the company's share of the underlying assets and liabilities. The most recent completed actuarial valuation for the OCS Group Staff Pension & Assurance Scheme was as at 31 March 2000.

The valuation undertaken for the FRS 17 transitional disclosures indicated that the scheme had a net pension deficit of £21.6m after taking account of the deferred tax asset.

Pension costs for the year are disclosed in note 5 to the accounts.

22. RELATED PARTIES

In accordance with FRS 8, "Related Party Disclosures", transactions with other undertakings within, and investee related parties of, O.C.S. Group Limited have not been disclosed in these financial statements.

23. COMBINATIONS ACCOUNTED FOR AS ACQUISITIONS

The aggregate fair values of acquired businesses are shown in Note 2. The fair values disaggregated by entity are:

Net Assets Acquired	AAS Ltd	Duncan McLean Ltd	Galago Ltd	Churchill	OCS Access Ltd	OCS Wales Ltd	Sovereign Catering Services Ltd	TML Ltd	Trident Contract Services Ltd	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible Fixed Assets	1,849	-	-	-	-	-	-	108	-	1,957
Tangible Fixed Assets	2,638	54	613	248	253	247	127	557	202	4,939
Stocks	223	-	239	-	471	-	418	763	55	2,169
Debtors	5,623	237	7,223	2,221	3,055	2,910	3,247	2,630	3,622	30,768
Cash at bank and in hand	4	9	2,281	554	323	599	520	81	1,241	5,612
Creditors	(6,644)	(72)	(6,175)	(1,812)	(981)	(941)	(3,380)	(3,285)	(2,861)	(26,151)
Net assets acquired	3,693	228	4,181	1,211	3,121	2,815	932	854	2,259	19,294

The profit/(loss) after tax in 2002 for the above acquired entities was:

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Profit/(loss) after tax	(752)	96	(324)	180	643	429	(96)	(544)	47

24. ULTIMATE PARENT COMPANY

The ultimate controlling party, immediate parent company and parent company of the smallest and largest group which includes this company, is O.C.S. Group Limited, a company incorporated in Great Britain. Copies of the accounts of O.C.S. Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.