

Company Registration No. 3056469

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North
Limited)

Report and Financial Statements

31 March 2000

Deloitte & Touche
10-12 East Parade
Leeds LS1 2AJ



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OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr. P.D. Jury - Managing Director

Mr. A. Bruter (Appointed 1 April 2000)

Mr. M.C.S. Cox (Appointed 1 April 2000)

Mr. P.R. Hull

Mr. A.N.F. Lewis (Appointed 1 April 2000)

Mr. A.J. Nuttall

Mr. T.J. Staunton

Mr. J.A. Stone (Appointed 1 April 2000)

Mr. P.K. Thrupp (Appointed 1 April 2000)

SECRETARY

Mr. M. Clark

REGISTERED OFFICE

79 Limpsfield Road
Sanderstead
Surrey
CR2 9LB

AUDITORS

Deloitte & Touche
10-12 East Parade
Leeds
LS1 2AJ

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

DIRECTORS' REPORT

The directors present their audited financial statements for the year ended 31 March 2000.

CHANGE OF NAME

The Company changed its name from OCS Cleaning Midlands & North Limited to OCS Support Services Limited on 31 March 2000.

PRINCIPAL ACTIVITIES

The Company's principal activities remain those of the cleaning of offices, industrial and retail premises including all support services.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Opportunities for cost savings exist for the longer term with the merger of OCS Cleaning Midlands & North Limited and OCS Cleaning South Limited to form OCS Support Services Limited. National duplication of costs and the timing of the merger may not show worthwhile savings during the coming financial year. The restructuring of divisions and the reorganisation of the sales process will have long term benefits and the directors remain confident for the future.

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 10 to 14.

The financial position at the year-end is set out in the balance sheet on page 9 and in the notes on pages 12 to 15. An interim dividend of £nil (1999 - £nil) has been paid during the year.

The directors do not recommend the payment of a final dividend (1999 - £nil).

DIRECTORS

The directors who served during the year were as follows:

Mr. P.D. Jury	Managing Director
Mr. A. Bruter	(Appointed 1 April 2000)
Mr. M.C.S. Cox	(Appointed 1 April 2000)
Mr. P.R. Hull	
Mr. A.N.F. Lewis	(Appointed 1 April 2000)
Mr. A.J. Nuttall	
Mr. T.J. Staunton	
Mr. J.A. Stone	(Appointed 1 April 2000)
Mr. P.K. Thrupp	(Appointed 1 April 2000)

Having been appointed during the year Messrs. A. Bruter, M.C.S. Cox, A.N.F. Lewis, J.A. Stone and P.K. Thrupp retire and offer themselves for re-election.

None of the directors had any interest in the shares of the Company or any other Group companies at 31 March 2000 or 31 March 1999 or on appointment except as noted below.

Mr. P.D. Jury had an interest in 1000 (1999-500) employee shares of 10p each of O.C.S. Group Limited, the ultimate parent company, at 31 March 2000.

Mr. A.J. Nuttall had an interest in 250 (1999-nil) employee shares of 10p each of O.C.S. Group Limited, the ultimate parent company, at 31 March 2000

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

DIRECTORS' REPORT (continued)

Mr. T.J. Staunton had an interest in 250 (1999-nil) employee shares of 10p each of OCS Group Limited, the ultimate parent company, at 31 March 2000.

Mr. J.A. Stone had an interest in 250 (1999-nil) employee shares of 10p each of OCS Group Limited, the ultimate parent company, at 31 March 2000.

YEAR 2000 COMPLIANCE

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

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 whatever their sex, age, ethnic origin, disability, religion or marital status. 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 O.C.S. 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 limiting 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.

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)


DIRECTORS' REPORT (continued)

AUDITORS

The Company passed an Elective Resolution on 15 June 1995 in accordance with Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually and accordingly, Deloitte & Touche shall remain in office until the Company or Deloitte & Touche otherwise determine.

79 Limpsfield Road
Sanderstead
Surrey CR2 9LB

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



M. Clark

Secretary

4 July 2000

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

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 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring 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 financial statements 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.



**Deloitte
& Touche**

**AUDITORS' REPORT TO THE MEMBERS OF
OCS Support Services Limited
(Formerly known as OCS Cleaning Midlands & North Limited)**

We have audited the financial statements on pages 7 to 15 which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 5 the Company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 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 affairs of the Company as at 31 March 2000 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

4 July 2000

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000

	Note	2000 £'000	1999 £'000
TURNOVER	2	27,054	28,407
Cost of sales		(20,493)	(21,569)
GROSS PROFIT		<u>6,561</u>	<u>6,838</u>
Administrative expenses		(5,429)	(5,415)
OPERATING PROFIT	3	<u>1,132</u>	<u>1,423</u>
Interest receivable	5	7	45
Interest payable	6	(3)	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,136	1,467
Tax on profit on ordinary activities	7	(387)	(504)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR TRANSFERRED TO RESERVES	14	<u><u>749</u></u>	<u><u>963</u></u>

All the activities derive from continuing operations.

There are no recognised gains or losses for the current and preceding financial years other than as stated above.

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 March 2000

	2000 £'000	1999 £'000
Profit for the financial year	749	963
Dividends	-	-
Net additions to shareholders' funds	<u>749</u>	<u>963</u>
Opening shareholders' funds	<u>4,586</u>	<u>3,623</u>
Closing shareholders' funds	<u><u>5,335</u></u>	<u><u>4,586</u></u>

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

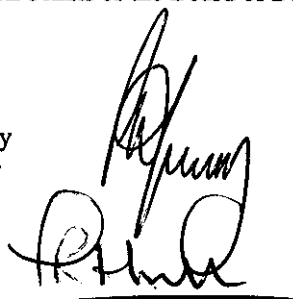
BALANCE SHEET
31 March 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Intangible assets	8	93	-
Tangible assets	9	810	1,161
		<u>903</u>	<u>1,161</u>
CURRENT ASSETS			
Debtors	10	5,908	4,957
Cash at bank and in hand		2,487	1,170
		<u>8,395</u>	<u>6,127</u>
CREDITORS: amounts falling due within one year	12	(3,963)	(2,702)
NET CURRENT ASSETS		<u>4,432</u>	<u>3,425</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,335</u>	<u>4,586</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,000	2,000
Profit and loss account	14	3,335	2,586
EQUITY SHAREHOLDERS' FUNDS		<u>5,335</u>	<u>4,586</u>

These financial statements were approved by the Board of Directors on 4 July 2000
Signed on behalf of the Board of Directors

P.D. Jury
Director

P.R. Hull
Director



OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Goodwill arising on acquisitions

On the acquisition of a business 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:

Motor vehicles	25 - 33 1/3% per annum
Plant, machinery, fixtures and fittings	10 - 33 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.

Deferred taxation

Provision is made at the anticipated rate of taxation for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes except where, in the opinion of the directors, the liability will not crystallise in the foreseeable future. No provision is made for corporation tax on gains rolled over and the excess of industrial building allowances over depreciation unless there is an intention to dispose of such properties.

Pensions

The Company participates within the O.C.S. Group Staff Pension and Assurance Scheme and the O.C.S. 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.

2. TURNOVER AND PROFITS

All turnover and profits are attributable to one activity which is carried out wholly in the United Kingdom.

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

NOTES TO THE ACCOUNTS

3. OPERATING PROFIT

	2000	1999
	£'000	£'000
Operating profit is after charging/(crediting):		
Depreciation of tangible assets		
Owned assets	567	648
Rentals under operating leases		
Motor vehicles	12	-
Amortisation of goodwill	47	-
Auditors' remuneration		
Audit fees	16	16
Profit on sale of fixed assets	(48)	(79)
	<u> </u>	<u> </u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000	1999
	£'000	£'000
Directors' emoluments		
Management remuneration	296	250
Pension contributions	25	23
	<u> </u>	<u> </u>
	321	273
	<u> </u>	<u> </u>

The highest paid director received salary and benefits (excluding pension contributions) during the year totalling £111,000 (1999: £85,000). His accrued pension entitlement at 31 March 2000 was £37,011 (31 March 1999 £29,277).

All directors are members of the OCS Group Staff Pension and Assurance Scheme.

Employees	2000	1999
	No.	No.
The average number, excluding directors, employed by the Company, within each category of persons was		
Operations	5,748	6,879
Sales	15	7
Administration	48	38
	<u> </u>	<u> </u>
	5,811	6,924
	<u> </u>	<u> </u>

	2000	1999
	£'000	£'000
Staff costs incurred during the year in respect of these employees, excluding directors, were:		
Wages and salaries	18,666	19,147
Social security costs	707	802
Other pension costs	169	176
	<u> </u>	<u> </u>
	19,542	20,125
	<u> </u>	<u> </u>

OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

NOTES TO THE ACCOUNTS

5. INTEREST RECEIVABLE

	2000 £'000	1999 £'000
On amounts owed by ultimate parent company	7	45

6. INTEREST PAYABLE

	2000 £'000	1999 £'000
On amounts owed to ultimate parent company	3	1

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
United Kingdom corporation tax:		
Current tax on income for the period at 30% (1999 - 31%)	402	505
Adjustment in respect of prior years' tax provisions	(19)	(4)
	383	501
Deferred taxation	4	3
	387	504

8. INTANGIBLE ASSETS: GOODWILL

	Total £'000
Cost	
At 31 March 1999	-
Goodwill arising on acquisitions during the year	140
At 31 March 2000	140
Amortisation	
At 31 March 1999	-
Charge for the year	47
At 31 March 2000	47
Net book value	
At 31 March 2000	93
At 31 March 1999	-

Goodwill arose on the acquisition of the window cleaning business of West Riding Cleaning Company Limited for cash consideration of £140,000. No assets were acquired in the transaction.

The cumulative amount of goodwill written off in the accounting periods prior to 31 March 2000, under the accounting policies set out in Note 1, amounted to £nil (March 1998 £nil).

OCS SUPPORT SERVICES LTD
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NOTES TO THE ACCOUNTS

9. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Plant, equipment, fixtures, fittings £'000	Total £'000
Cost			
At 1 April 1999	2,248	1,685	3,933
Additions - third party	92	131	223
- group	17	-	17
Disposals - third party	(273)	(381)	(654)
	<u>2,084</u>	<u>1,435</u>	<u>3,519</u>
At 31 March 2000			
Accumulated depreciation			
At 1 April 1999	1,410	1,362	2,772
Additions - group	3	-	3
Charge for the year	422	145	567
Disposals - third party	(269)	(364)	(633)
	<u>1,566</u>	<u>1,143</u>	<u>2,709</u>
At 31 March 2000			
Net book value			
At 31 March 2000	<u>518</u>	<u>292</u>	<u>810</u>
At 31 March 1999	<u>838</u>	<u>323</u>	<u>1,161</u>

10. DEBTORS

	2000 £'000	1999 £'000
Trade debtors	3,709	2,896
Amounts owed by ultimate parent company	1,730	1,663
Amounts owed by fellow subsidiary undertakings	166	178
Deferred tax asset (Note 11)	-	4
Prepayments and accrued income	303	216
	<u>5,908</u>	<u>4,957</u>

OCS SUPPORT SERVICES LTD
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NOTES TO THE ACCOUNTS

11. DEFERRED TAXATION

	£'000
Balance at 1 April 1999	(4)
Current year credit	4
	<hr/>
Balance at 31 March 2000	-
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The amount of deferred tax asset recognised in the financial statements and the potential amounts not recognised are:

	Recognised		Not recognised	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Short term timing differences	-	(4)	-	-
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12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£'000	£'000
Trade creditors	317	389
Amounts owed to ultimate parent company	1,911	618
Amounts owed to fellow subsidiary undertakings	511	232
Taxation	285	505
Other taxes and social security	263	192
Accruals and deferred income	676	766
	<hr/>	<hr/>
	3,963	2,702
	<hr/>	<hr/>

13. CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised		
4,000,000 (1999: 4,000,000) ordinary shares of £1 each	4,000	4,000
	<hr/>	<hr/>
Allotted and fully paid		
2,000,000 (1999: 2,000,000) ordinary shares of £1 each	2,000	2,000
	<hr/>	<hr/>

14. PROFIT AND LOSS ACCOUNT

	£'000
Balance at 1 April 1999	2,586
Retained profit for the year	749
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Balance at 31 March 2000	3,335
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OCS SUPPORT SERVICES LTD
(formerly OCS Cleaning Midlands & North Limited)

NOTES TO THE ACCOUNTS

15. CAPITAL COMMITMENTS

	2000 £'000	1999 £'000
Future capital expenditure:		
Contracted for but not provided	263	49
	<u>263</u>	<u>49</u>

16. OPERATING LEASES

At 31 March 2000 the Company was committed to making the following payments during the next year in respect of operating leases:

	Motor vehicles 2000 £'000
Leases which expire:	
Within one year	4,520
Between two and five years	16,100
After five years	-
	<u>20,620</u>

17. PENSION SCHEME

The Company is a member of the OCS Group Staff Pension and Assurance Scheme and the OCS Group Transfer of Undertakings Pension Scheme, both defined benefit schemes. These are separate trustee funds administered by professional investment managers. Particulars of the schemes, are given in the financial statements of OCS Group Limited. The most recent completed actuarial valuation was at 31 March 1997; the next valuation as at 31 March 2000 is in progress.

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

Pension costs for the year are disclosed in note 4.

18. RELATED PARTIES

In accordance with Financial Reporting Standard No.8, "Related Party Disclosures", transactions with other undertakings within, and investee related parties of, OCS Group Limited have not been disclosed in these financial statements.

19. POST BALANCE SHEET

From the 1 April 2000, the business and assets of OCS South Limited were transferred into OCS Support Services Limited (formerly OCS Cleaning Midlands & North Limited).

20. ULTIMATE PARENT COMPANY

The ultimate controlling party and parent company is OCS Group Limited, a company incorporated in Great Britain. Copies of the accounts of OCS Group Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.