

ISS Finance & Investment (Bishop Auckland) Limited
(formerly Pinco 1213 Limited)

Directors' report and financial statements
Registered Number 3747087
For the 34 weeks ended 31 December 1999



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Directors' report

The directors present their report and the audited financial statements for the period ended 31 December 1999.

Principal activities

ISS Finance & Investment (Bishop Auckland) Limited was incorporated on 7 April 1999 and has been established to hold and to account for the company's investment in the Bishop Auckland PFI project.

Business review

The Bishop Auckland project involves the demolition of certain buildings, provision of temporary accommodation, design and construction of a new building, refurbishment of certain existing buildings, commissioning and related works and the management and operation of, and provision of certain non-clinical support services at the Hospital which include maintenance, catering, housekeeping, portering, switchboard and car parking services. The Bishop Auckland General Hospital ("the hospital") is located at Cockton Hill, Bishop Auckland, Co Durham.

The company owns 19.99% of the issued share capital of Criterion Healthcare Holdings Limited. Criterion Healthcare Holdings Limited has been established for the purpose of acting as holding company to Criterion Healthcare PLC. Criterion Healthcare PLC will undertake the project activities described above under a concession agreement.

Under the terms of the contract ISS Mediclean Limited, a fellow subsidiary company, will provide facilities management services to the Hospital. These services are not anticipated to commence until July 2002.

The construction phase of the project commenced in May 1999.

Directors and directors' interests

The directors who held office during the period were as follows:

J Ahmed	(appointed 4 May 1999)
Pinsent Curtis Director Limited	(appointed 7 April 1999) (resigned 4 May 1999)
K D Mahoney	(appointed 4 May 1999)

The directors who held office at the end of the financial year had the following interests in the DKK20 B ordinary shares of ISS International Service System A/S according to the register of directors' interests:

Director	1999 No. of shares	1998 No. of shares
K Mahoney	1,635	-
J Ahmed	3,070	800

Directors report *(continued)*

Directors and directors' interests *(continued)*

The market price of the shares as at 31 December 1999 was DKK497. The market price range for the year was DKK350 - DKK497.

The following directors also had interests in share options at the end of the financial year;

Director	At start of the year	Granted in the year	Exercised in the year	Interest at the end of the year	Exercise price
K Mahoney	-	10,000	-	10,000	10,000 @ DKK 547
J Ahmed	-	3,000	-	3,000	3,000 @ DKK 547

During 1999, ISS International Service System A/S allotted a number of warrants on B-shares to senior executives. The warrants issued give the executives the right to acquire ISS International Service System A/S B-shares at a given exercise price per share, in the period 30 days after publication of the ISS Group Annual report for each of the years 2002, 2003, 2004 and 2005. Exercise of the allotted warrants is, inter alia, conditional upon the respective executives still being employed by the ISS group at the time of exercise.

Year 2000

The company's programme to ensure the compliance of the infrastructure of equipment and systems was implemented throughout 1999. In particular, all equipment including non computer equipment was verified and upgraded where necessary. A major project was undertaken to upgrade the company's accounting and payroll systems. This project was completed in the latter part of 1999. Additional precautions and contingency procedures were put in place by the time of the year end date change.

There were no reported incidents of problems caused by the date change throughout the ISS UK group. However, we will continue to remain vigilant throughout the coming year.

EMU

The new accounting systems, which were implemented in 1999, are fully Euro compliant. Although the impact on the UK business is not currently significant, ISS Ireland can now meet Euro requirements.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J Ahmed
Secretary

ISS House
44-50 Bath Road
Hounslow
Middlesex
TW3 3EB

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Reading
RG7 4SD

Report of the auditors to the members of ISS Finance & Investment (Bishop Auckland) Limited (formerly Pinco 1213 Limited)

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the director's report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinions as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the director's 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 *director's remuneration and transactions with the company is not disclosed*.

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 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 as at 31 December 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

30 June, 2000

Balance sheet

at 31 December 1999

	Notes	1999	
		£	£
Fixed assets			
Investments	3		121,443
Current assets			
Debtors	4	1	
Creditors: amounts falling due within one year	5	(121,443)	
Net current liabilities			(121,442)
Net assets			1
Capital and Reserves			
Called up share capital	6		1
Profit and loss account			-
Shareholders' funds-equity			1

These accounts were approved by the Board of Directors on 30/6/2000 and were signed on its behalf by:



J Ahmed
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of ISS International Service System A/S, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ISS Service System A/S, within which the results of this company is included, can be obtained from the address given in note 8.

The company did not trade during the period and consequently received no income and incurred no expenditure. Accordingly, no profit and loss account has been prepared.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

Joint arrangement

The investment in the Bishop Auckland contract is being accounted for as a 'joint arrangement that is not an entity' as all of the significant decisions have been subcontracted via binding legal agreements and the shareholders have only minor areas of decision left. Also, it is anticipated that dividends are likely to be immaterial due to the nature of the financing arrangement.

These financial statements only reflect the company's cash flows in respect of the project and not the cash flows of the project as a whole.

2 Directors' emoluments

No emoluments were payable to the directors for the year ended 31 December 1999.

Notes *(continued)*

3 Investments

	1999 £
Cost – additions	121,443
NBV at 31 December	<u>121,443</u>

This investment relates to an interest in Criterion Healthcare Holdings Limited, a joint venture investment vehicle to build and service the Bishop Auckland Hospital.

4 Debtors

	1999 £
Amounts due from group undertakings	<u>1</u>

5 Creditors: amounts falling due within one year

	1999 £
Amounts owed to group undertakings	<u>121,443</u>

6 Called Up Share Capital

	1999 £000
<i>Authorised:</i>	
Ordinary shares of £1 each	<u>1,000</u>
<i>Allotted, called up and fully paid:</i>	
Ordinary shares of £1 each	<u>1</u>

Notes *(continued)*

7 **Contingent liabilities**

The company has committed to subscribe to £450,000 "B" Loan stock in Criterion Healthcare Plc on 31 July 2002. Unibank A/S has provided a guarantee in respect of this amount to Criterion Healthcare Plc.

8 **Ultimate Parent Company**

The company is a subsidiary undertaking of ISS Finance and Investment Ltd, a company registered in England and Wales.

The largest and the only group in which the results of the company are consolidated is that headed by ISS International Service System A/S, incorporated in Denmark. The consolidated accounts of this company are available to the public and may be obtained from the following address:

ISS International Service System A/S
Bredgade 30
DK 1260
Copenhagen
Denmark