

RENTOKIL SECURITY SERVICES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1995

Company Registration Number 1013210



**RENTOKIL SECURITY SERVICES LIMITED**

**DIRECTORS**

CM Thompson	-	Chairman
RC Payne		
J Hillhouse		
JR Leeks		
RJ Platais	-	Resigned 5 May 1995
D Stopford		
MF Tunnell		
DR Howroyd	-	Appointed 1 January 1996

**SECRETARY**

GT Brown

**AUDITORS**

Price Waterhouse  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

**REGISTERED OFFICE**

Felcourt  
East Grinstead  
West Sussex  
RH19 2JY

## **RENTOKIL SECURITY SERVICES LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their annual report, together with the audited accounts of the company for the 53 weeks ended 31 December 1995. Comparative data presented relates to the 52 weeks ended 25 December 1994.

#### **PROFIT AND LOSS ACCOUNT**

The profit for the period, after taxation, amounted to £4,143,000 (1994:£2,413,000). The directors do not recommend the payment of a dividend (1994:£Nil) and the balance for the period of £4,143,000 will be transferred to reserves.

#### **PRINCIPAL ACTIVITY**

The company is a specialist in the provision of security services.

#### **FIXED ASSETS**

During the period the company purchased and disposed of a number of fixed assets. Details of these movements are shown in Notes 10 and 15 to the accounts.

#### **DIRECTORS**

The directors named on page 1, except where shown, held office throughout the period. Except as stated below, none of the directors who were directors at the end of the period held any interests in the shares of Rentokil Group companies both at the beginning and at the end of the period.

Mr CM Thompson is a director of Rentokil Group PLC, and his interests in group companies are shown in the accounts of Rentokil Group PLC.

Messrs RC Payne and D Stopford are directors of Securiguard Group plc, and their interests in group companies are shown in the accounts of Securiguard Group plc.

RENTOKIL SECURITY SERVICES LIMITED  
REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS (CONTINUED)

Mr MF Tunnell held 5,719 shares in Rentokil Group PLC at 25 December 1994, and 8,095 shares at 31 December 1995.

SHARE OPTIONS

	MF <u>Tunnell</u>	J <u>Hillhouse</u>	JR <u>Leeks</u>
At 25 December 1994	256,250	-	-
Granted during the period	41,000	10,000	9,000
Exercised during the period	(120,000)	-	-
At 31 December 1995	<u>177,250</u>	<u>10,000</u>	<u>9,000</u>

At 31 December 1995 the above directors held options under the share option scheme approved by shareholders in April 1973, May 1983, December 1984, September 1989, May 1991 and May 1992, to subscribe for shares in Rentokil Group PLC at prices ranging from 33.40p to 243.967p expiring between 1997 and 2005 depending on the date of the grant.

Rentokil Group PLC has purchased cover for the directors against liabilities in relation to the company, as permitted by the Companies Act 1985.

REVIEW OF OPERATIONS

1995 was another successful year and the directors view the future of the company with confidence and expect 1996 to be another satisfactory year.

EMPLOYEES

The company attaches considerable importance to keeping its employees informed of matters affecting their jobs and the progress of the business. The regular parent company magazine contributes towards this purpose. There are, in addition, several in-house publications covering local and divisional matters. Employees have frequent opportunities to meet and have discussions with their managers.

The company gives sympathetic consideration to the employment of disabled people. Whilst no special facilities are provided for training the disabled, all employees are given equal opportunities for working, training and promotion, having regard to their particular aptitudes and abilities.

RENTOKIL SECURITY SERVICES LIMITED  
REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 these accounts, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards;
- prepared the accounts on a going concern basis.

The directors are responsible for ensuring that 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 accounts 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.

AUDITORS

Price Waterhouse have indicated their willingness to continue as auditors to the company and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board



GT Brown  
Company Secretary

Felcourt  
East Grinstead  
West Sussex  
RH19 2JY

11 March 1996

AUDITORS' REPORT TO THE MEMBERS OF  
RENTOKIL SECURITY SERVICES LIMITED

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and the accounting policies set out on pages 6 and 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

11 March 1996

## RENTOKIL SECURITY SERVICES LIMITED

### ACCOUNTING POLICIES - 31 DECEMBER 1995

#### Accounting Convention

The company prepares its accounts on the basis of historical cost as modified by the revaluation of certain tangible fixed assets. The company accounts have been prepared in accordance with the Companies Act 1985 as amended by the Companies Act 1989 and applicable Accounting Standards.

In accordance with paragraph 8c of FRS 1, the company, being the wholly owned subsidiary of another company which prepares a cash flow statement including that of this company, has not prepared such a statement itself.

#### Consolidated Accounts

The company is exempt from the requirement to prepare group accounts, as it is a wholly owned subsidiary of Rentokil Group PLC, a company registered in England and as such these accounts present financial information about the company as an individual undertaking.

#### Investments

Investments are carried at cost less amounts written off and in the opinion of the directors the value of such investments is not less than that shown in the balance sheet.

#### Leasehold Property

Leasehold land and buildings are stated at cost less depreciation; cost is amortised in equal annual instalments over the periods of the leases subject to a minimum annual provision of 1% of cost.

When properties are sold the difference between sales proceeds and net book amounts is dealt with in the profit and loss account.

#### Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less depreciation. Provision for depreciation of all tangible fixed assets of the company is made to write off the cost of fixed assets over their estimated useful lives, principally over the following periods:

motor vehicles	-	25%-33% reducing balance or 25%-33% straight line
plant, equipment, furniture and fittings	-	10%-25% straight line

## RENTOKIL SECURITY SERVICES LIMITED

### ACCOUNTING POLICIES - 31 DECEMBER 1995 (CONTINUED)

#### Stocks

Stocks are stated at the lower of cost or net realisable value, using the first-in first-out principle. Cost includes all direct expenditure and related overheads incurred to the date of the balance sheet.

#### Deferred Tax

Provision for deferred tax receivable and payable is made at rates currently expected when income, expenditure or depreciation falls into different periods for accounting and for taxation purposes, to the extent that it is probable that a tax benefit or charge will crystallise.

#### Cost of Sales and Administrative Expenses

Service, selling and other direct costs are classified as cost of sales. Administrative expenses comprise indirect and head office costs.

#### Operating Leases

Operating lease costs are charged to the profit and loss account in the period in which they arise.

#### Finance Leases and Hire Purchase Agreements

Assets acquired under hire purchase and finance lease agreements are included in tangible fixed assets at cost and are depreciated over their useful lives. Interest is charged to the profit and loss account as it accrues and the capital element of future payments is included in creditors.

#### Pension Costs

The company operates both defined contribution and defined benefit schemes. Under the defined contribution schemes contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The cost of pensions in respect of the defined pension benefit schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular costs are spread over the average future service lives of the employees in the schemes. The pension costs are assessed in accordance with the advice of independent consulting actuaries.



RENTOKIL SECURITY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 31 DECEMBER 1995

	<u>1995</u> £'000	<u>52 weeks ended</u> <u>25 December 1994</u> £'000
TURNOVER (Note 1)	80,858	56,409
COST OF SALES	(70,151)	(47,596)
GROSS PROFIT	10,707	8,813
Administrative expenses	(3,972)	(4,614)
OPERATING PROFIT	6,735	4,199
Profit on disposal of fixed assets	75	45
Net interest payable (Note 2)	(626)	(53)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX (Note 3)	6,184	4,191
Taxation on profit on ordinary activities (Note 6)	(2,041)	(1,778)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>4,143</u>	<u>2,413</u>
PROFIT FOR THE FINANCIAL PERIOD (Note 7)	<u>4,143</u>	<u>2,413</u>

The results for the period are wholly attributable to the continuing operations of the company.

Retained profits represent the total of all recognised gains and losses relating to the period and the corresponding period.

The notes on pages 10 to 16 form part of the accounts.

RENTOKIL SECURITY SERVICES LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	<u>31 December 1995</u>		<u>25 December 1994</u>	
	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Tangible assets (Note 10)		1,842		1,439
Investments (Note 15)		<u>7,913</u>		<u>8,158</u>
		<u>9,755</u>		<u>9,597</u>
<b>CURRENT ASSETS</b>				
Stocks (Note 11)	479		295	
Debtors (Note 12)	18,740		10,681	
Cash at bank and in hand	<u>-</u>		<u>842</u>	
		19,219		11,818
<b>CREDITORS (Amounts falling due within one year)</b>				
(Note 13)		<u>(21,152)</u>		<u>(17,736)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,933)</u>		<u>(5,918)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>7,822</u></u>		<u><u>3,679</u></u>
<b>CAPITAL AND RESERVES</b>				
SHARE CAPITAL (Note 16)		19		19
Share premium		1		1
Revaluation reserve		24		24
<b>PROFIT AND LOSS ACCOUNT (Note 7)</b>		<u>7,778</u>		<u>3,635</u>
<b>SHAREHOLDERS' FUNDS (Note 8)</b>		<u><u>7,822</u></u>		<u><u>3,679</u></u>

The notes on pages 10 to 16 form part of the accounts.

Approved by the board on 11 March 1996

RC Payne  
Director

# RENTOKIL SECURITY SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

### 1 TURNOVER

Turnover represents the invoiced value of goods sold and services rendered during the period exclusive of value added tax, substantially all of which is derived from the United Kingdom.

### 2 INTEREST

Interest payable on finance leases, bank loans, overdrafts and other loans repayable within 5 years, other than by instalments.

	<u>1995</u> £'000	<u>1994</u> £'000
Interest payable - group companies	(645)	(78)
- finance leases	<u>(2)</u>	<u>(12)</u>
	(647)	(90)
Interest receivable - group companies	6	37
- other	<u>15</u>	<u>-</u>
	<u>21</u>	<u>37</u>
Net interest payable	(626)	(53)

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before tax was arrived at after charging:

	<u>1995</u> £'000	<u>1994</u> £'000
Depreciation - leased assets	7	50
- other assets	691	513
Hire of plant and machinery		
- operating leases	116	124
Hire of other assets		
- operating leases	495	475
Auditors' remuneration - audit fee	<u>35</u>	<u>33</u>
Staff costs:		
Wages and salaries	61,020	44,164
Social security costs	5,337	3,938
Other pension costs	<u>229</u>	<u>135</u>
	<u>66,586</u>	<u>48,237</u>

RENTOKIL SECURITY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

4 DIRECTORS' REMUNERATION

	<u>1995</u> £'000	<u>1994</u> £'000
Remuneration as managers (including contributions to pension and life assurance schemes)	<u>356</u>	<u>343</u>
Chairman's emoluments	<u>-</u>	<u>-</u>
Highest paid director's emoluments (excluding pension contributions)	<u>126</u>	<u>98</u>
Analysis of directors' emoluments: (excluding pension contributions)		
	<u>1995</u> <u>Number</u>	<u>1994</u> <u>Number</u>
£ Nil - £ 5,000	3	3
£ 20,001 - £ 25,000	1	1
£ 55,001 - £ 60,000	-	1
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	1	-
£ 70,001 - £ 75,000	1	1
£ 95,001 - £100,000	-	1
£125,001 - £130,000	1	-

5 EMPLOYEES

	<u>1995</u> <u>Number</u>	<u>1994</u> <u>Number</u>
The average number of employees during the period was:		
Operations	6,034	3,978
Administration	<u>144</u>	<u>141</u>
Total	<u>6,178</u>	<u>4,119</u>

RENTOKIL SECURITY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

6	<b>TAXATION</b>		
		<u>1995</u>	<u>1994</u>
		£'000	£'000
	Tax on profit for the period comprises:		
	UK Corporation tax at 33% (1994: 33%)	2,041	1,408
	Prior year item	<u>-</u>	<u>370</u>
		<u>2,041</u>	<u>1,778</u>
7	<b>PROFIT AND LOSS ACCOUNT</b>		
		£'000	
	At 25 December 1994	3,635	
	Profit for the period	<u>4,143</u>	
	At 31 December 1995	<u>7,778</u>	
8	<b>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>		
		<u>1995</u>	<u>1994</u>
		£'000	£'000
	Profit for the period	<u>4,143</u>	<u>2,413</u>
	Net increase in shareholders' funds	4,143	2,413
	Opening shareholders' funds	<u>3,679</u>	<u>1,266</u>
	Closing shareholders' funds	<u>7,822</u>	<u>3,679</u>
9	<b>DEFERRED TAX</b>		
	At 31 December 1995 no provision has been made for deferred tax as, in the opinion of the directors, no material liability is expected to crystallise in the foreseeable future.		

RENTOKIL SECURITY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

10 TANGIBLE FIXED ASSETS

	Short Leasehold Property £'000	Vehicles Furniture & Fittings £'000	Plant £'000	Total £'000
<u>Cost</u>				
At 25 December 1994	118	2,489	591	3,198
Additions	4	960	117	1,081
Transfers from group companies	-	147	170	317
Disposals	-	(505)	(33)	(538)
At 31 December 1995	<u>122</u>	<u>3,091</u>	<u>845</u>	<u>4,058</u>
<u>Aggregate Depreciation</u>				
At 25 December 1994	68	1,293	398	1,759
Transfers from group companies	-	80	93	173
Disposals	-	(381)	(33)	(414)
Depreciation for the period	<u>12</u>	<u>546</u>	<u>140</u>	<u>698</u>
At 31 December 1995	<u>80</u>	<u>1,538</u>	<u>598</u>	<u>2,216</u>
<u>Net Book Amount</u>				
At 31 December 1995	<u>42</u>	<u>1,553</u>	<u>247</u>	<u>1,842</u>
At 25 December 1994	<u>50</u>	<u>1,196</u>	<u>193</u>	<u>1,439</u>

The net book amount of tangible fixed assets includes an amount of £Nil (1994:£72,000) in respect of assets held under finance leases and hire purchase contracts.

11 STOCKS

	<u>1995</u> £'000	<u>1994</u> £'000
Finished goods	<u>479</u>	<u>295</u>

RENTOKIL SECURITY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

12	DEBTORS	<u>1995</u> £'000	<u>1994</u> £'000
	Trade debtors	10,480	6,791
	Amounts owed by fellow subsidiaries	5,154	2,854
	Other debtors	364	50
	Prepayments and accrued income	<u>2,742</u>	<u>986</u>
		<u>18,740</u>	<u>10,681</u>

13	CREDITORS (amounts falling due within one year)	<u>1995</u> £'000	<u>1994</u> £'000
	Bank overdraft	854	-
	Hire purchase and finance lease obligations	-	34
	Trade creditors	483	256
	Amounts owed to parent company	8,246	8,078
	Amounts owed to fellow subsidiaries	466	637
	Other tax and social security	5,706	3,371
	Corporation tax	2,075	1,408
	Other creditors	2,928	1,435
	Accruals and deferred income	<u>394</u>	<u>2,517</u>
		<u>21,152</u>	<u>17,736</u>

14 OPERATING LEASE COMMITMENTS

The company has annual lease commitments as detailed below:

	<u>1995</u>		<u>1994</u>	
	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u>	<u>Other</u>
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within 1 year	16	50	6	34
Within 2-5 years	69	39	57	18
After 5 years	<u>408</u>	<u>-</u>	<u>375</u>	<u>-</u>
	<u>493</u>	<u>89</u>	<u>438</u>	<u>52</u>

RENTOKIL SECURITY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

15 INVESTMENTS

	£'000
At 25 December 1994	8,158
Refunded in the period	<u>(245)</u>
At 31 December 1995	<u>7,913</u>

The investment at 31 December 1995 represents interests in the following Securiguard Group plc companies.

	<u>% Held</u>	<u>Activity</u>
Securiguard Services (Eastern) Limited	100	Dormant
Securiguard Services (London) Limited	100	Dormant
Securiguard Scotland Limited	100	Dormant
Securiguard Technical Systems Limited	100	Dormant
Securiguard Services (Northern) Limited	100	Dormant
Securiguard Services (Wales) Limited	100	Dormant
Servicelink Aviation International Limited	100	Security Services
Rentokil Dormant (No.1) Limited (formerly Sterling Granada Contract Services Limited)	100	Security Services

All of the above companies are registered in England and Wales, with the exception of Securiguard Scotland Limited which is registered in Scotland.

16 SHARE CAPITAL

	<u>Authorised Number</u>	<u>Allotted and fully paid Number</u>	<u>£</u>
At 25 December 1994 and 31 December 1995			
Ordinary shares of £1 each	<u>20,000</u>	<u>19,000</u>	<u>19,000</u>



RENTOKIL SECURITY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

17 CONTINGENT LIABILITIES

There are contingent liabilities in respect of litigation. None of the actions is expected to give rise to any material loss except as provided for in these accounts.

The company is party to a composite cross guarantee entered into by certain group companies where, at 31 December 1995, total bank borrowings were £1,558,000 (1994:£3,232,000) and hire purchase liabilities were £8,000 (1994:£289,000).

18 CAPITAL COMMITMENTS

Expenditure authorised by the directors:

	<u>1995</u> £'000	<u>1994</u> £'000
Contracts placed	53	79
Contracts not placed	<u>92</u>	<u>55</u>
	<u>145</u>	<u>134</u>

19 PENSION COMMITMENTS

There are two Rentokil Group funded defined benefit UK pension schemes. These were last valued by actuaries as at 1 April 1994 and details of the valuations are shown in the accounts of Rentokil Group PLC. Contributions to the scheme are based on pension costs across the UK companies as a whole. The valuations showed that there are sufficient assets in both of the funds at least to secure the benefits of existing pensioners and to provide retirement benefits accrued to date for past and present members on the basis of their current salaries and credited periods of service.

20 ULTIMATE PARENT COMPANY

The ultimate parent company is Sophus Berendsen A/S, a company incorporated in Denmark. Copies of the Sophus Berendsen accounts can be obtained from 1 Klausdalsbrovej, DK2860 Soborg, Denmark.

The largest group to include the company is Sophus Berendsen A/S.

The smallest group to include the company is Rentokil Group PLC, a company registered in England. Copies of the Rentokil Group PLC accounts can be obtained from Felcourt, East Grinstead, West Sussex, RH19 2JY.