

DIRECTORS' REPORT AND ACCOUNTS

HOMETRUST KITCHENS LIMITED

31 DECEMBER 1998

REGISTERED NUMBER 1554029



HOMETRUST KITCHENS LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report, together with the audited accounts of the company for the year ended 31 December 1998.

PROFIT AND LOSS ACCOUNT

During the year the company has not traded, has not incurred any liabilities and consequently has made neither profit or loss.

PRINCIPAL ACTIVITY

The company did not trade during the year.

DIRECTORS

The directors who served during the year were:

Grayston Central Services Limited
Plant Nominees Limited

Neither Grayston Central Services Limited nor Plant Nominees Limited held any beneficial interests in the share capital of the company or of Rentokil Initial plc at either 1 January 1998 or 31 December 1998.

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 are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards;
- prepare 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HOMETRUST KITCHENS LIMITED

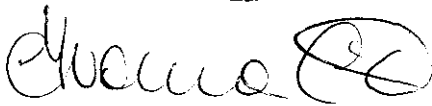
REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

Following the merger of Price Waterhouse and Coopers and Lybrand on 1 July 1998. Price Waterhouse resigned in favour of the new firm, PricewaterhouseCoopers, and the directors appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation. An elective resolution has been passed to dispense with the requirement to re-appoint auditors at the annual general meeting. PricewaterhouseCoopers have indicated their willingness to continue in office for the coming year.

By order of the board

Authorised Representative
Plant Nominees Ltd.



Plant Nominees Limited
Secretary

Garland Road
East Grinstead
West Sussex
RH19 2DR

22 March 1999

AUDITORS' REPORT TO THE SHAREHOLDERS OF

HOMETRUST KITCHENS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual report, including, as described on page 1, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared under the Companies Act. 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 the 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 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 31 December 1998 and of its result and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
1 Embankment Place
London
WC2N 6NN

22 March 1999

HOMETRUST KITCHENS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	1998 £'000	1997 £'000
Interest receivable - third parties	<u>-</u>	<u>10</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	-	10
Taxation on profit on ordinary activities (note 3)	<u>-</u>	<u>(3)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>-</u>	<u>7</u>
RETAINED PROFIT FOR THE YEAR	-	7
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD	(6,135)	(6,142)
PROFIT AND LOSS ACCOUNT CARRIED FORWARD	<u>(6,135)</u>	<u>(6,135)</u>

The company had no recognised gains and losses during the year other than those recorded in the above profit and loss account: accordingly, no separate statement of total recognised gains and losses has been prepared.

The notes on pages 7 and 8 form part of the accounts.

HOMETRUST KITCHENS LIMITED

BALANCE SHEET - 31 DECEMBER 1998

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
DEBTORS - amounts owed by group companies	968	968
CURRENT LIABILITIES (amounts falling due within one year) - corporation tax	<u>(3)</u>	<u>(3)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>965</u>	<u>965</u>
CAPITAL AND RESERVES		
AUTHORISED SHARE CAPITAL		
7,250,000 authorised ordinary shares of £1 each	<u>7,250</u>	<u>7,250</u>
CALLED UP SHARE CAPITAL		
7,100,000 allotted and fully paid ordinary shares of £1 each	7,100	7,100
PROFIT AND LOSS ACCOUNT	<u>(6,135)</u>	<u>(6,135)</u>
EQUITY SHAREHOLDERS' FUNDS (note 4)	<u>965</u>	<u>965</u>

Approved by the board on 22 March 1999.



Grayston Central Services Limited
DIRECTOR

The notes on pages 7 and 8 form part of the accounts.

HOMETRUST KITCHENS LIMITED

CASH FLOW STATEMENT - 31 DECEMBER 1998

	<u>1998</u> £'000	<u>1997</u> £'000
Operating profit	-	10
Increase in debtors	-	(195)
Decrease in creditors	<u>-</u>	<u>(10)</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>-</u>	<u>(195)</u>
(DECREASE) IN NET CASH	<u>-</u>	<u>(195)</u>
RECONCILIATION OF MOVEMENT IN NET CASH		
Net cash at 1 January	-	195
Cash flow	<u>-</u>	<u>(195)</u>
Net cash at 31 December	<u>-</u>	<u>-</u>

HOMETRUST KITCHENS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of Preparation

The company prepares its accounts on the basis of historical cost. The company accounts have been prepared in accordance with the Companies Act 1985 as amended by the Companies Act 1989 and applicable accounting standards.

2. DIRECTORS AND EMPLOYEES

The company has no employees and accordingly there are no employee costs. The directors received no emoluments for services as directors of the company.

3. TAXATION

	<u>1998</u> £'000	<u>1997</u> £'000
Tax on profit for the year comprises:		
UK corporation tax at 31.00% (1997 31.5%)	<u>-</u>	<u>3</u>

4. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1998</u> £'000	<u>1997</u> £'000
Profit for the financial year	<u>-</u>	<u>7</u>
Increase in shareholder's funds	<u>-</u>	<u>7</u>
Opening shareholders' funds	<u>965</u>	<u>958</u>
Closing shareholder's funds	<u>965</u>	<u>965</u>

HOMETRUST KITCHENS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

5. ULTIMATE PARENT COMPANY

The directors regard Andrew Lynton Holdings Limited as the company's ultimate parent company as it holds the majority of the shares. Rentokil Initial plc, which holds the majority of the remaining shares through its subsidiary Hometrust Limited, is responsible for the day to day running of the company.

Copies of the Rentokil Initial plc accounts may be obtained from the Secretary, Felcourt, East Grinstead, West Sussex, RH19 2JY. Copies of the Andrew Lynton Holdings Limited accounts may be obtained from the Secretary, Lynton House, 5 Stanmore Hill, Stanmore, Middlesex, HA7 3DP.