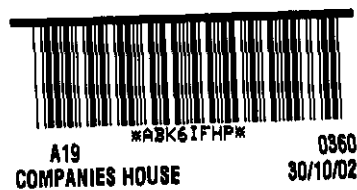


**ISS Servisystem SouthWest & Wales Limited**

**Directors' report and financial  
statements**

**Registered number 2293735**

**31 December 2001**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

### Principal activities

The principal activity of the company continues to be that of contract cleaning which incorporates the provision of daily cleaning and support services for commercial, industrial and retail premises.

### Business review

The results for the year ended 31 December 2001 are considered satisfactory and are set out on page 5.

### Post balance sheet events

As a result of a group restructure, contracts with an estimated annual sales value of £2.5m were transferred to the company from ISS Support Services Limited during January 2002.

### Dividend

The directors do not recommend the payment of a dividend (2000: *£nil*). The profit for the year retained in the company is £595,000 (2000: £52,000).

### Directors and directors' interest

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

J Ahmed	
C Gethin	
R D Openshaw	
D Richardson	
S Cox	
D Warlow	(resigned 18 May 2001)
S M Harrison	(appointed 12 November 2001)

The directors who held office at the end of the financial year had no disclosable interests in shares or options of group companies.

### Employees

The organisation and meeting structure, which continues to operate throughout the group down to individual profit centres, facilitates the free flow of information, company goals and financial performance. The group also produces quarterly information publications for employees and staff. The policy of the group is to employ disabled persons on the same basis as other employees, with the provision that they are able to operate without risk to themselves or others within the conditions prevailing on individual sites. Training, career development and promotion of a disabled person is identical to that of other employees as far as possible.

### Political and charitable contributions

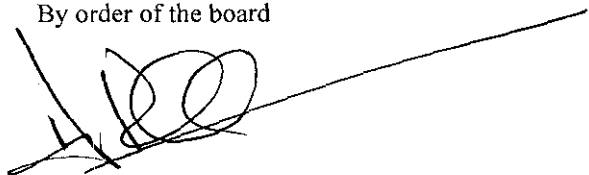
The company made no political or charitable contributions during the year (2000: *£nil*).

## Directors' report *(continued)*

### Auditors

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

By order of the board

A handwritten signature in black ink, appearing to be 'D Richardson', written over a horizontal line.

**D Richardson**  
*Director*

Wells House  
65 Boundary Road  
Woking  
Surrey  
GU21 5BS

## 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.



Arlington Business Park  
Theale  
Reading RG7 4SD  
United Kingdom

## **Independent auditors' report to the members of ISS Servisystem SouthWest & Wales Limited**

We have audited the financial statements on pages 5 to 14.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' 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 by statute, the Auditing Practices Board and by 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 in accordance with the Companies Act 1985. 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 information specified by law regarding directors' 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

11th March, 2002

## Profit and loss account

for the year ended 31 December 2001

	Note	2001 £000	2000 £000
<b>Turnover</b>			
Continuing operations		17,926	886
Acquired operations		-	1,690
		<hr/>	<hr/>
		17,926	2,576
Discontinued operations		-	1,635
		<hr/>	<hr/>
		17,926	4,211
Cost of sales		(15,650)	(3,811)
		<hr/>	<hr/>
<b>Gross profit</b>		2,276	400
Administrative expenses		(1,428)	(326)
		<hr/>	<hr/>
<b>Operating profit</b>	2-5	848	74
Interest receivable and similar income	6	45	8
Interest payable and similar charges	7	(50)	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		843	82
Tax on profit on ordinary activities	8	(248)	(30)
		<hr/>	<hr/>
<b>Retained profit for the year</b>		595	52
Retained profit brought forward		519	467
		<hr/>	<hr/>
<b>Retained profit carried forward</b>		1,114	519

The company had no other recognised gains or losses other than those shown in the financial statements.

## Balance sheet

at 31 December 2001

	Note	2001 £000	2000 £000
<b>Fixed assets</b>			
Tangible assets	9	318	500
<b>Current assets</b>			
Debtors	10	3,285	4,682
<b>Creditors: amounts falling due within one year</b>	11	(2,489)	(4,663)
<b>Net current assets</b>		796	19
<b>Net assets</b>		1,114	519
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account		1,114	519
<b>Equity shareholders' funds</b>	14	1,114	519

The financial statements were approved by the board of directors on **5 MARCH** 2002 and signed on its behalf by:



**D Richardson**  
 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*

The 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 UK Limited, the company has taken advantage of the exemption contained in FRS 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 A/S, within which the results of this company are included, can be obtained from the address given in note 17.

#### *Fixed assets and depreciation*

Depreciation is calculated to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery      33% per annum

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown within creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Post-retirement benefits*

The ISS group operates a defined contribution pension scheme, the 'Group Pension Plan'. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contribution payable to the scheme in respect of the accounting period.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

## Notes (continued)

### 2 Analysis of continuing operations

The total figure for continuing operations in 2001 include the following amounts relating to acquisitions: cost of sales £nil (2000: £1,385,000) and administrative expenses of £nil (2000: £269,000).

### 3 Profit on ordinary activities before taxation

	2001 £000	2000 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
- Audit	1	9
Depreciation	228	30
Hire of other assets – rentals payable under operating leases	220	22
Loss/(profit) on sale of fixed assets	3	(8)

### 4 Remuneration of directors

	2001 £000	2000 £000
Directors' emoluments	-	29
Company contributions to defined contribution pension schemes	-	1

#### Number of directors

2001	2000
------	------

Retirement benefits are accruing to the following number of directors under:

Defined contribution scheme (note 16)	-	1
---------------------------------------	---	---

The directors received no emoluments for services provided to this company.

**Notes (continued)**

**5 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<b>Employee numbers</b>	
	<b>2001</b>	<b>2000</b>
Administration	62	20
Sales and marketing	3	1
Operatives	1,671	688
	<hr/>	<hr/>
	<b>1,736</b>	<b>709</b>
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	10,019	2,770
Social security costs	464	157
Other pension costs	36	3
	<hr/>	<hr/>
	<b>10,519</b>	<b>2,930</b>
	<hr/>	<hr/>

**6 Interest receivable and similar income**

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	45	8
	<hr/>	<hr/>

**7 Interest payable and similar charges**

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
On other loans	50	-
	<hr/>	<hr/>

**Notes** *(continued)*

**8 Tax on profit on ordinary activities**

**(i) Analysis of charge for the period**

	<b>2001</b>	2000
	<b>£000</b>	£000
<i>Current tax</i>		
UK corporation tax at 30% (2000: 30%)	<b>304</b>	30
<i>Deferred tax</i>		
Origination and reversal of timing differences	<b>(56)</b>	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	<b>248</b>	30
	<hr/>	<hr/>

**(ii) Factors affecting the charge for the period**

The tax assessed in the year is lower (2000-higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	<b>2001</b>	2000
	<b>£000</b>	£000
Profit on ordinary activities before tax	<b>843</b>	82
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2000: 30%)	<b>253</b>	25
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>67</b>	5
Adjustments to tax charge in respect of previous periods	<b>(16)</b>	-
	<hr/>	<hr/>
Current tax charge for the year	<b>304</b>	30
	<hr/>	<hr/>

**(iii) Factors that may affect future tax charges**

The directors consider that the deferred tax asset is recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

**Notes** (*continued*)

**9 Tangible fixed assets**

	<b>Plant and machinery £000</b>
<i><b>Cost</b></i>	
At beginning of year	644
Additions	138
Disposals	(114)
	<hr/>
At end of year	668
	<hr/>
<i><b>Depreciation</b></i>	
At beginning of year	144
Charge for year	228
On disposals	(22)
	<hr/>
At end of year	350
	<hr/>
<i><b>Net book value</b></i>	
<b>At 31 December 2001</b>	<b>318</b>
	<hr/>
At 31 December 2000	500
	<hr/>

**Notes** (*continued*)

**10 Debtors**

	2001 £000	2000 £000
Trade debtors	2,658	4,308
Amounts owed by group undertakings	333	-
Other debtors	236	333
Prepayments and accrued income	2	41
Deferred tax asset	56	-
	<u>3,285</u>	<u>4,682</u>

All debtors are due within one year.

**11 Creditors: amounts falling due within one year**

	2001 £000	2000 £000
Trade creditors	324	350
Amounts owed to group undertakings	931	3,146
Taxation and social security	481	18
Corporation tax	179	503
Accruals and deferred income	574	646
	<u>2,489</u>	<u>4,663</u>

**12 Provision for deferred tax**

	2001 £000	2000 £000
Accelerated capital allowances	56	-
Provision at the start of the year	-	-
Deferred tax charge in the profit & loss account	56	-
Asset at the end of the year ( <i>note 10</i> )	<u>56</u>	<u>-</u>

**Notes (continued)**

**13 Called up share capital**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<i>Authorised</i>		
1000 Ordinary shares of £1 each	<b>1,000</b>	1,000
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	<b>100</b>	100

**14 Reconciliation of movements in shareholders' funds**

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Opening shareholders' funds	<b>519</b>	467
Retained profit for the year	<b>595</b>	52
Closing shareholders' funds	<b>1,114</b>	519

**15 Commitments**

- (a) There were no capital commitments at year end (2000: £nil).
- (b) Annual commitments under non-cancellable operating leases are as follows:

	<b>2001</b>		<b>2000</b>	
	<b>Land and buildings</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Other</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating leases which expire:				
Within one year	-	<b>15</b>	-	37
In the second to fifth years inclusive	<b>38</b>	<b>94</b>	-	26
Over 5 years	<b>14</b>	-	70	-
	<b>52</b>	<b>109</b>	<b>70</b>	<b>63</b>

**Notes** *(continued)*

**16 Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £36,000 (2001: £2,600).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**17 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of ISS UK Limited, 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 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 A/S  
Bredgade 30  
DK-1260  
Copenhagen K  
Denmark