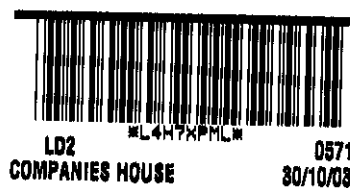


Concord Integrated Services Limited

**Directors' report and financial
statements**

Registered number 02527788

31 December 2002



Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report to the members of Concord Integrated Services Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activity and business review

The principal activities of the company are the services and maintenance activities associated with building services plus the design, installation and commissioning of environmental control schemes and building management systems.

Subsequent events

On 30 September 2002, the trade and assets of the company were transferred to ISS Facility Services Limited (formerly ISS London Limited). The company ceased to trade on this date.

Results and dividend

The results for the year are shown on page 4. The directors do not recommend the payment of a final dividend (2001: £Nil).

Directors and directors' interests

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

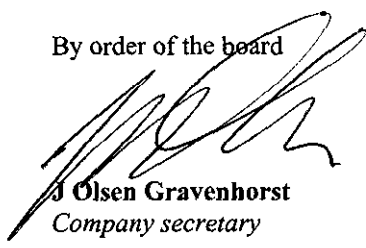
B Ramsden	(resigned 11 April 2002)
PJ Richardson	(resigned 11 April 2002)
TA McDermott	(resigned 11 April 2002)
D Bucknall	
A Pearson	
D Daniels	
J Olsen Gravenhorst	(appointed 30 May 2002)
C Gethin	(appointed 11 April 2002)
D Openshaw	(appointed 11 April 2002)
J Ahmed	(appointed 11 April 2002)

The directors had no disclosable interest in shares and options in group companies.

Auditors

During the year, Bentley Jennison resigned as auditors to the company and KPMG LLP were appointed to fill the vacancy arising. Pursuant to Section 386 of the Companies Act 1985, a resolution is to be put forth, which if passed would result in the company not being required to appoint its auditors annually. KPMG LLP would then continue in office.

By order of the board


J Olsen Gravenhorst
Company secretary

Wells House
65 Boundary Road
Woking
Surrey
GU21 5BS

24 October 2003

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 a going concern basis unless it is inappropriate to presume that the company will continue 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.



KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Concord Integrated Services Limited

We have audited the financial statements on pages 4 to 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 audit 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

24 October 2003

Profit and loss account

for the year ended 31 December 2002

	<i>Note</i>	Year ended 31 December 2002 £	9 months ended 31 December 2001 £
Turnover – discontinued operations		4,059,397	4,708,376
Cost of sales		(2,967,419)	(3,545,028)
Gross profit		1,091,978	1,163,348
Administrative expenses		(1,041,756)	(1,057,209)
Operating profit – discontinued operations		50,222	106,139
Interest receivable and similar income	4	1,414	1,615
Interest payable and similar charges	5	(6,535)	(6,794)
Profit on ordinary activities before taxation	2	45,101	100,960
Tax on profit on ordinary activities	6	(4,087)	(7,500)
Retained profit for the year/period		41,014	93,460
Retained profit brought forward		560,733	467,273
Retained profit carried forward		601,747	560,733

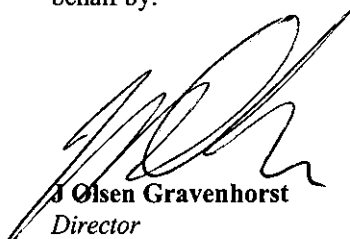
The company had no other recognised gains or losses other than those shown in the financial statements.

The results above are classified as discontinued.

Balance sheet
at 31 December 2002

	Note	2002	2001
		£	£
Fixed assets			
Tangible assets	7	-	281,791
Current assets			
Stocks	8	-	12,335
Debtors	9	601,947	1,305,554
Cash at bank and in hand		-	8,206
		<u>601,947</u>	<u>1,326,095</u>
Creditors: amounts falling due within one year	10	-	(1,013,944)
Net current assets		<u>601,947</u>	<u>312,151</u>
Total assets less current liabilities		<u>601,947</u>	<u>593,942</u>
Creditors: Amounts falling due after more than one year	11	-	(33,009)
Net assets		<u>601,947</u>	<u>560,933</u>
Capital and reserves			
Called up share capital	12	200	200
Profit and loss account	13	601,747	560,733
Equity shareholders' funds	14	<u>601,947</u>	<u>560,933</u>

These financial statements were approved by the board of directors on 24 October 2003 and were signed on its behalf by:


J Olsen Gravenhorst
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.

On 30 September 2002 the directors took the decision to transfer the trade and assets of the company to a sister company and cease trade.

As the company is a wholly owned subsidiary of ISS UK Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions on balances with entities which form part of the group. 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.

The company has taken advantage of the exemptions contained within Financial Reporting Standard No 1 "Cash flow statements" and has not prepared a cash flow statement as the company is included in the consolidated financial statements of its parent undertaking which include a consolidated cash flow statement.

Stocks

Stocks are valued at the lower of cost and net realisable value. Profits are only recognised on long term contracts in progress when the outcome of the contracts can be assessed with reasonable accuracy.

Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated in accordance with the company's depreciation policies. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease or hire purchase contract and represents a constant proportion of the balance of capital outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

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. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pension costs

The group operates a number of defined contribution pension schemes. Contributions payable are charged in the profit and loss account in the period to which they relate.

Turnover

Turnover is the aggregate amount of revenue from the provision of cleaning and other related services, in addition to the design and installation of building management systems. Revenue on services provided is recognised when earned. Profits on long term contracts are recognised when the outcome is reasonable certain.

Notes (continued)

2 Profit on ordinary activities before taxation

	Year ended 31 December 2002 £	9 months ended 31 December 2001 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation:		
Owned assets	219,681	52,474
Assets held under finance leases and hire purchase contracts	-	35,123
Operating lease rentals:		
Motor vehicles	23,849	19,011
Other	26,919	23,733
Auditors' remuneration	4,155	2,550
Loss on disposal of fixed assets	11,027	2,604
	<u>219,681</u>	<u>135,495</u>

3 Staff numbers and costs

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

	Number of employees	
	Year ended 31 December 2002	9 months ended 31 December 2001
Production	55	56
Administration	18	19
	<u>73</u>	<u>75</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,389,880	1,412,914
Social security costs	134,555	134,094
Pension costs	7,726	5,931
	<u>1,532,161</u>	<u>1,552,939</u>

Notes (continued)

4 Staff numbers and costs (continued)

Directors' emoluments

	Year ended 31 December 2002 £	9 months ended 31 December 2001 £
Aggregate emoluments (including benefits in kind)	122,409	122,495
Company contributions to money purchase pension schemes	4,773	3,816
	<u>127,182</u>	<u>126,311</u>
		Number
Number of directors to whom retirement benefits are accruing:		
Money purchase pension schemes	3	4
	<u>3</u>	<u>4</u>

4 Interest receivable and similar income

	Year ended 31 December 2002 £	9 months ended 31 December 2001 £
Bank interest	1,414	1,615
	<u>1,414</u>	<u>1,615</u>

5 Interest payable and similar charges

	Year ended 31 December 2002 £	9 months ended 31 December 2001 £
Finance leases and hire purchase interest	6,535	6,794
	<u>6,535</u>	<u>6,794</u>

Notes (continued)

6 Tax on profit on ordinary activities

(i) Analysis of charge for the year

	Year ended 31 December 2002 £	9 months ended 31 December 2001 £
Current tax		
UK corporation tax	4,087	7,500
Total current taxation and tax on profit on ordinary activities	4,087	7,500

The liability to taxation has been transferred to a sister company (see note 1).

(ii) Factors affecting the tax charge for the year

The tax assessed in the year is lower (2001: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 31 December 2002 £	9 months ended 31 December 2001 £
Profit on ordinary activities before tax	45,101	100,960
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 30% (2001: 30%)	13,530	30,288
Depreciation for year in excess of capital allowances	(4,933)	(12,692)
Small companies relief	(4,510)	(10,096)
	4,087	7,500

There is no liability to deferred tax.

Notes (continued)

7 Tangible fixed assets

	Building improvements	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At beginning of year	32,293	103,246	70,515	474,650	680,704
Additions	-	10,129	1,967	60,332	72,428
Disposals	-	-	-	(72,337)	(72,337)
Transfer to group undertakings	(32,293)	(113,375)	(72,482)	(462,645)	(680,795)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation					
At beginning of year	30,272	76,765	51,420	240,456	398,913
Charge for year	1,534	27,299	9,149	181,699	219,681
Disposals	-	-	-	(55,654)	(55,654)
Transfer to group undertakings	(31,806)	(104,064)	(60,569)	(366,501)	(562,940)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value					
At 31 December 2002	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2001	2,021	26,481	19,095	234,194	281,791
	<u>2,021</u>	<u>26,481</u>	<u>19,095</u>	<u>234,194</u>	<u>281,791</u>

The net book value of tangible fixed assets includes computer equipment of £Nil (2001: 4,757) and motor vehicles of £Nil (2001: £143,365) in respect of assets held under finance lease and hire purchase contracts, the depreciation of which is shown in note 3.

8 Stocks

	2002 £	2001 £
Consumables	-	12,335
	<u>-</u>	<u>12,335</u>

Notes (continued)

9 Debtors

	2002 £	2001 £
Trade debtors	-	839,083
Amounts recoverable on contracts	-	160,426
Other debtors	-	200
Prepayments and accrued income	-	47,845
Amounts due from group undertakings	601,947	258,000
	<hr/>	<hr/>
	601,947	1,305,554
	<hr/>	<hr/>

10 Creditors: Amounts falling due within one year

	2002 £	2001 £
Bank overdraft	-	50,106
Trade creditors	-	582,912
Amounts due to group undertakings	-	10,890
Corporation tax payable	-	7,500
Taxation and social security	-	196,101
Other creditors and accruals	-	108,872
Finance leases and hire purchase contracts	-	57,563
	<hr/>	<hr/>
	-	1,013,944
	<hr/>	<hr/>

11 Creditors: Amounts falling due after more than one year

	2002 £	2001 £
Finance leases and hire purchase contracts	-	33,009
	<hr/>	<hr/>

Maturity of debt

Finance leases and hire purchase agreements due:

Within one year	-	57,563
Within one to two years	-	30,258
Within two to five years	-	2,751
	<hr/>	<hr/>
	-	90,572
	<hr/>	<hr/>

Notes (continued)

12 Called up share capital

	2002 £	2001 £
<i>Authorised:</i>		
Equity shares:		
Ordinary shares of £1 each	200	200
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
Equity shares:		
Ordinary shares of £1 each	200	200
	<hr/>	<hr/>

13 Profit and loss account

	£
At beginning of the year	560,733
Profit for the year	41,014
	<hr/>
At end of the year	601,747
	<hr/>

14 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year/period	41,014	93,460
Opening equity shareholders' funds	560,933	467,473
	<hr/>	<hr/>
Closing equity shareholders' funds	601,947	560,933
	<hr/>	<hr/>

15 Capital commitments

	2002 £	2001 £
(i) Authorised and contracted for by the board of directors but not provided for in the financial statements	-	47,114
	<hr/>	<hr/>

Notes (continued)

15 Capital commitments (continued)

(ii) The company has annual commitments under operating lease rentals at the year end as follows:

	2002 £	2001 £
Motor vehicles:		
Expiring within one year	-	12,422
Expiring within two to five years	-	14,988
	<hr/>	<hr/>
Buildings:		
Expiring after five years	-	37,636
	<hr/>	<hr/>

16 Pension

The company operates a number of defined contribution pension schemes. Contributions payable are charged in the profit and loss account in the period to which they relate. Contributions paid by the company in the year total £7,726 (i2001: £5,931). There are no amounts outstanding at the year end that have not been paid over to the schemes.

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

The company is a subsidiary undertaking of ISS UK 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 A/S, incorporated in Denmark. The consolidated financial statements of this company are available to the public and may be obtained from the following address:

ISS A/S
 Bredgade 30
 DK 1260
 Copenhagen
 Denmark