Caterhouse Limited (formerly known as ISS Caterhouse Limited)

Directors' report and financial statements

Registered number 02857316

31 December 2008

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

On 1 January 2008 the trade and assets of the company were transferred to ISS Mediclean Limited. The company ceased to trade on this date.

Dividends

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 December 2008 of £1,501,000 equivalent to £15.01 per share *(16 month period ended 31 December 2007: £48,000, £0.48 per share).*

Directors

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

H Andersen	
M Brabin	(appointed 16 March 2009)
J Ahmed	(appointed 1 December 2008)
T Seery	(resigned 1 December 2008)
S Cox	(resigned 1 December 2008)
R Ryan	(resigned 1 December 2008)

Political and charitable contributions

The Company made no political contributions or donations to charities during the year *(16 month period ended 31 December 2007: £nil).*

Employees

Persons employed by the Company were transferred to ISS Mediclean Limited employment upon the cessation of trading of the company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

M Brabin
Director

ISS House
Genesis Business Park
Albert Drive, Woking, Surrey
GU21 5RW

1 June 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and of the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Caterhouse Limited

We have audited the financial statements of Caterhouse Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the note of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 the company's members those matters we are required to 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Caterhouse Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

8 June 2009

Profit and loss account
for the year ended 31 December 2008

	Note	Year ended 31 December 2008 £000	16 month period ended 31 December 2007 £000
Turnover		-	13,776
Cost of Sales		-	(11,651)
Gross profit		-	2,125
Administrative expenses		-	(1,444)
Operating profit		-	681
Interest receivable	5	-	36
Interest payable	6	-	(5)
Profit on ordinary activities before taxation	2	-	712
Tax on profit on ordinary activities	7	-	(220)
Profit on ordinary activities after taxation	17	-	492

The company has not traded and has made neither a profit nor loss in the financial year.

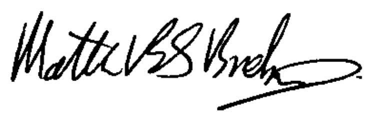
The company had no other recognised gains or losses other than those shown in the financial statements.

All activities relate to discontinued operations.

Balance sheet
at 31 December 2008

	Note	**2008**		2007	
		£000	**£000**	£000	£000
Fixed assets					
Tangible fixed assets	*8*		-		360
Current assets					
Stocks	*9*	-		68	
Debtors	*10*	267		2,164	
Cash at bank		-		651	
		267		2,883	
Creditors: amounts falling due within one year	*11*	-		(1,328)	
Net current assets			267		1,555
Total assets less current liabilities			267		1,915
Creditors: amounts falling due after more than one year	*12*		-		(40)
Provision for liabilities	*13*		-		(108)
Net assets excluding pension scheme assets			267		1,767
Defined benefit pension scheme asset	*19*		-		1
Net assets excluding pension scheme assets			267		1,768
Capital and reserves					
Called up share capital	*15*		100		100
Revaluation reserve	*16*		-		167
Profit and loss account	*16*		167		1,501
Equity Shareholders' funds	*17*		267		1,768

These financial statements were approved by the board of directors on 1 June 2009 and were signed on its behalf by:



M Brabin
Director

Note of historical cost profits and losses
for the year ended 31 December 2008

	Year ended 31 December 2008	16 month period ended 31 December 2007
	£000	£000
Reported profit on ordinary activities before taxation	-	712
Realisation of valuation gains of previous periods	167	-
Historical cost profit on ordinary activities before taxation	-	712
Historical profit for the period retained after taxation	167	492

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 financial statements.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

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 Holding A/S, within which this Company is included, can be obtained from the address given in note 21.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	25% straight line
Fixture and fittings	-	33% per annum

No depreciation is provided on freehold land and buildings.

Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and loses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowances for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Notes *(continued)*

1 Accounting policies *(continued)*

Deferred taxation

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.

Post-retirement benefits

The Company operates a defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surpluses/deficits are split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Turnover

Turnover is the aggregate of amount of revenue from the provision of school meals to customers in the ordinary course of business. Revenue is recognised in the profit and loss account as earned.

Payments received in advance are carried in the balance sheet and released to the profit and loss account over the period to which the payment relates which, unless specified otherwise, is the initial term of the contract.

Notes *(continued)*

2 Profit on ordinary activities before taxation

	Year ended 31 December 2008	16 month period ended 31 December 2007
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	-	253
Auditors' remuneration	-	8
Operating lease rentals	-	5

Auditors' remuneration of £1,000 has been borne by other group companies in the current year.

3 Staff numbers and costs

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

	Number of employees	
	Year ended 31 December 2008	16 month period ended 31 December 2007
Kitchen staff	-	865
Directors	-	2
Administration	-	19
	-	886

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2008	16 month period ended 31 December 2007
	£000	£000
Wages and salaries	-	6,053
Social security costs	-	488
Other pension costs (see note 19)	-	15
	-	6,556

Notes *(continued)*

4 Remuneration of directors

	Year ended 31 December 2008	16 month period ended 31 December 2007
	£000	£000
Emoluments	-	165

5 Other interest receivable and similar income

	Year ended 31 December 2008	16 month period ended 31 December 2007
	£000	£000
Bank interest	-	36

6 Interest payable

	Year ended 31 December 2008	16 month period ended 31 December 2007
	£000	£000
On bank loans and overdrafts	-	5

Notes *(continued)*

7 Taxation

Analysis of charge for the period

	Year ended 31 December 2008	16 month period ended 31 December 2007
	£000	£000
UK corporation tax		
Current tax on income for the period	-	259
Adjustments in respect of prior periods	-	11
Total current tax	-	270
Deferred tax		
Origination and reversal of timing differences	-	(50)
Total deferred tax	-	(50)
Tax on profit on ordinary activities	-	220

Factors affecting the tax charge for the period

The tax assessed in the period is equal to *(16 months to 31 December 2007: higher than)* the standard rate of corporation tax in the UK of 28.5% *(16 months ended 31 December 2007:30%)*. The differences are explained below:

	Year ended 31 December 2008	16 month period ended 31 December 2007
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	-	712
Current tax at 28.5% *(16 months ended 31 December 2007: 30%)*	-	214
Effects of:		
Expenses not deductible for tax purposes	-	1
Capital allowances in excess of depreciation	-	50
Adjustment to tax charge in respect of previous periods	-	11
Tax effect of prior year adjustment	-	(6)
Current tax charge (see above)	-	270

Notes *(continued)*

8 Tangible fixed assets

	Land and buildings £000	Motor vehicles £000	Furniture, fittings and equipment £000	Total £000
Cost				
At beginning of year	310	248	469	1,027
Transfers to group undertakings	(310)	(248)	(469)	(1,027)
At end of year	-	-	-	-
Depreciation				
At beginning of year	-	234	433	667
Transfers to group undertakings	-	(234)	(433)	(667)
At end of year	-	-	-	-
Net book value				
At 31 December 2008	-	-	-	-
At 31 December 2007	310	14	36	360

If land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2008 £000	2007 £000
Cost	-	193
Accumulated depreciation	-	(52)
	-	141

Notes *(continued)*

9 Stocks

	2008	2007
	£000	£000
Food and consumables	-	68

10 Debtors

	2008	2007
	£000	£000
Trade debtors	-	1,605
Amounts owed from group undertakings	267	242
Prepayments and accrued income	-	261
Deferred tax (note 14)	-	56
	267	2,164

11 Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Trade creditors	-	651
Corporation tax	-	264
Social security and other taxes	-	270
Other creditors	-	39
Accruals and deferred income	-	104
	-	1,328

12 Creditors: amounts falling due after more than one year

	2008	2007
	£000	£000
Other	-	40

Notes *(continued)*

13 Provision for liabilities

	Restructuring £000
At beginning of year	108
Transferred to group undertakings	(108)
At end of year	-

14 Deferred tax asset

	2008 £000	2007 £000
At beginning of period	**56**	6
Deferred tax credit in the profit and loss account	-	50
Transferred to group undertakings	**(56)**	-
At end of period	-	56

The deferred tax asset is made up as follows:

	2008 £000	2007 £000
Accelerated capital allowances	-	56

15 Called up share capital

	2008 £000	2007 £000
Authorised, allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	**100**	100

Notes *(continued)*

16 Reserves

	Revaluation reserve £000	Profit and loss account £000
At beginning of year	167	1,501
Equity dividend paid	-	(1,501)
Transfer of realised profits	(167)	167
At end of year	-	167

17 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2008 £000	16 month period ended 31 December 2007 £000
Opening shareholders' funds	1,768	1,311
Profit for the financial period	-	492
Dividends	(1,501)	(48)
Other recognised gains and losses relating to the period	-	13
Closing shareholders' funds	267	1,768

18 Dividends

	Year ended 31 December 2008 £000	16 month period ended 31 December 2007 £000
Dividends paid in the period at £15.01 per share (2007 : £0.48)	1,501	48

Notes *(continued)*

19 Pension scheme

The company operated a pension scheme providing benefits based on final pensionable pay. The pensions scheme assets and liabilities were transferred to ISS Mediclean Limited effective from the 1 January 2008.

The company's total pension cost included within operating profit was £nil *(16 month period ended 31 December 2007: £15,000)* in respect of its defined benefit pension arrangements.

The latest formal actuarial valuation of the scheme was carried out as at 31 March 2006 and was updated for FRS17 purposes to 31 December 2007 by a qualified independent actuary.

The major actuarial assumptions used for the valuation were as follows:

	31 December 2008	31 December 2007
Inflation	-	3.3%
Rate of increase in salaries	-	4.3%
Rate of increase for pensions	-	3.3%
Discount rate for liabilities	-	5.8%

The assets in the scheme were:

	Long-term rate of return expected at 31 December 2008	**Value at 31 December 2008**	Long-term rate of return expected at 31 December 2007	Value at 31 December 2007	Long-term rate of return expected at 31 August 2006	Value at 31 August 2006
		£000		£000		£000
Equities	-	-	7.7%	91	6.7%	69
Bonds	-	-	5.3%	9	4.6%	7
Cash	-	-	5.8%	4	4.8%	3
Total market value of assets		-		104		79
Present value of scheme liabilities		-		(103)		(95)
Surplus/(deficit) in the scheme		-		1		(16)
Related deferred tax asset		-		-		4
Net pension asset/(liability)		-		1		(12)

Notes *(continued)*

19 Pension scheme *(continued)*

An analysis of the amount charged to operating profit is as follows:

	2008 £000	2007 £000
Current service cost	-	15

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2008 £000	2007 £000
Experience gains and losses arising on scheme liabilities	-	23
Changes in assumptions underlying the present value of scheme liabilities	-	(5)
Actuarial gain recognised in STRGL	-	18

Movement in surplus/deficit during the period

	2008 £000	2007 £000
Surplus/(deficit) in scheme at beginning of period	1	(15)
Current year service cost	-	(15)
Contributions paid	-	13
Other finance charges	-	-
Actuarial gain	-	18
Transfers to other group undertakings	(1)	-
Surplus in the scheme at the end of the period	-	1

Notes *(continued)*

19 Pension scheme *(continued)*

History of experience gains and losses in the scheme

	31 December 2008	31 December 2007	31 August 2006
Difference between the expected and actual return on scheme assets:			
Amount (£000)	-	-	5
Percentage of year end scheme assets	-	-	6.1%
Experience gains and losses on scheme liabilities:			
Amount (£000)	-	23	18
Percentage of the present value of scheme liabilities	-	22.3%	19.1%
Total amount recognised in statement of total recognised gains and losses:			
Amount (£000)	-	18	19
Percentage of the present value of scheme liabilities	-	17.4%	20.0%

20 Commitments

i) There were no capital commitments as at 31 December 2008 *(2007: £nil).*

ii) The company has no annual commitments under non-cancellable operating leases *(2007: £nil).*

21 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 which is incorporated in England and Wales.

The Company's ultimate parent company is FS Invest S.a.r.l. which is incorporated in Luxembourg.

The largest group in which the results of the Company are consolidated is that headed by ISS Holding A/S a company incorporated in Denmark. The consolidated financial statements of the group are available to the public and may be obtained from the following address:

ISS Holding A/S
Bredgade 30
DK-1260 Copenhagen K
Denmark