

Environmental Property Services Holdings Limited

Registered No. 3769998

DIRECTORS

D J Anderson	(appointed 15 June 1999)
D J Hamilton	(appointed 24 July 1999)
Huntsmoor Limited	(appointed 13 May 1999, resigned 15 June 1999)
Huntsmoor Nominees Limited	(appointed 13 May 1999, resigned 15 June 1999)
N Morley	(appointed 24 July 1999)
G R Rajendra	(appointed 24 July 1999)

SECRETARY

T J G Secretaries Limited	(appointed 13 May 1999, resigned 24 July 1999)
G R Rajendra	(appointed 24 July 1999)

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

Bank of Scotland
14 Friar Lane
Leicester
LE1 5RA

REGISTERED OFFICE

5 Leathermarket
Weston Street
London SE1 3HH

ERNST & YOUNG





Environmental Property Services Holdings Limited

DIRECTORS' REPORT

The directors present their report and accounts for the period ended 31 December 1999.

RESULTS

The loss for the period after taxation amounted to £626,644 and is dealt with as shown in the profit and loss account. The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company was incorporated on 13 May 1999 under the name of Law 1072 Limited, but on 22 July 1999 the company's name was changed to Environmental Property Services Holdings Limited.

The principal activity was to act as a holding company.

On 13 August 1999 the company acquired the share capital of:

EPS Maintenance Limited
EPS Group Limited
EPS Page Limited
EPS Tripp Limited
JC Tripp & Son Limited

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

Since 31 December 1999, the company has not experienced any adverse effects as a result of the Year 2000 issue. The company is continuing to monitor its computer systems and any additional costs are not expected to be significant.

DIRECTORS AND THEIR INTERESTS

The directors during the period are shown on page 1. None of the directors held any interest in the company's issued share capital at the period end.

Huntsmoor Nominees Limited held the following interest in the share capital at incorporation:

	<i>At 31 December 1999</i>	<i>On incorporation</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
Huntsmoor Nominees Limited	-	1

Interests of directors in the shares of the ultimate parent undertaking, Environmental Property Services plc, are shown in the report and accounts of that company.

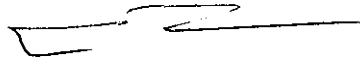


DIRECTORS' REPORT

AUDITORS

Ernst & Young were appointed by the directors as the auditors during the period. A resolution to reappoint them as auditors will be put to the members at the Annual General Meeting.

By order of the board



16 JUN 2000



Environmental Property Services Holdings Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 those accounts, 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 accounts; and
- prepare the accounts 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 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.



REPORT OF THE AUDITOR to the members of Environmental Property Services Holdings Limited

We have audited the accounts on pages 6 to 11, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 affairs of the company as at 31 December 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

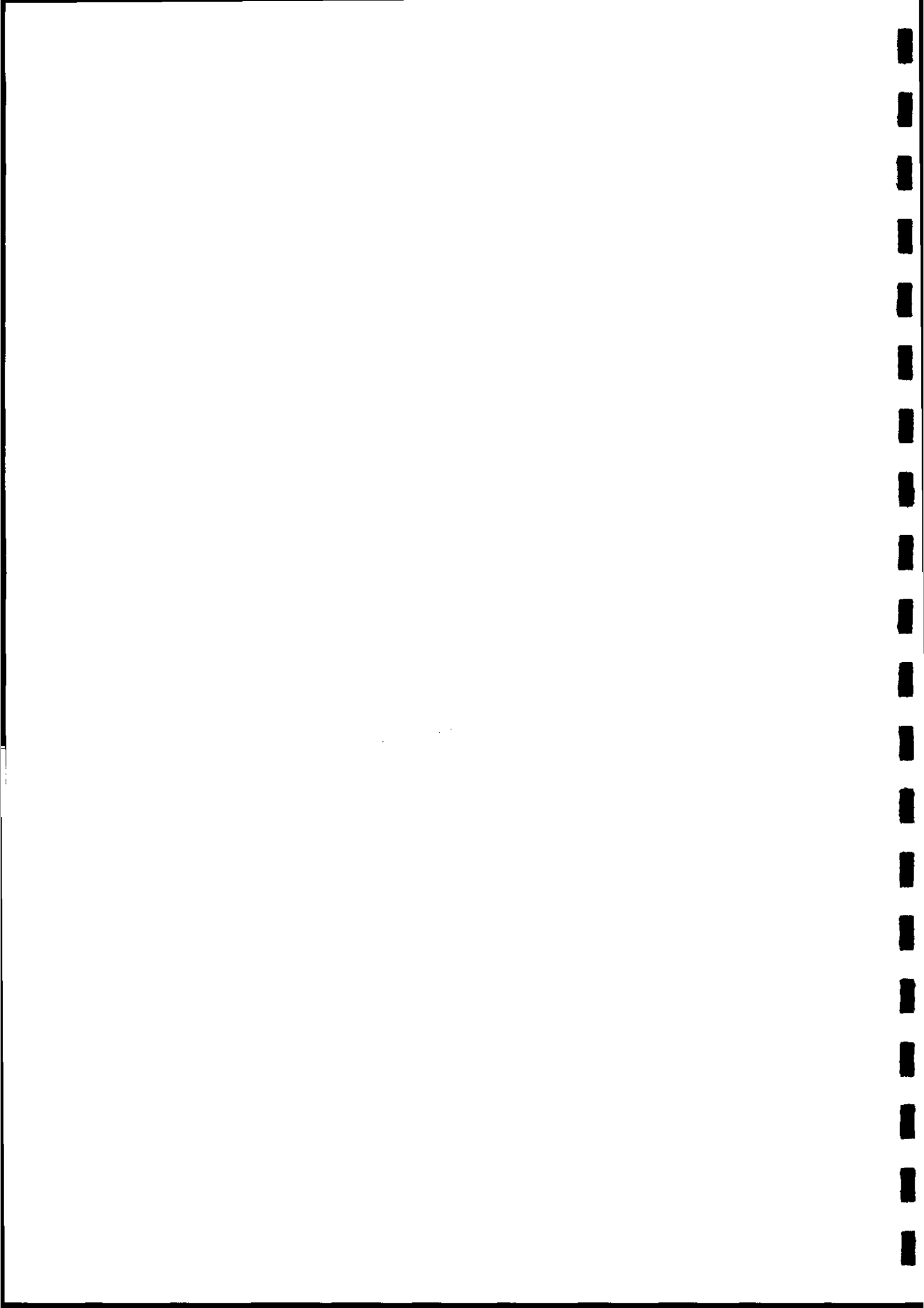
Registered Auditor
London

Environmental Property Services Holdings Limited

PROFIT AND LOSS ACCOUNT for the period ended 31 December 1999

	<i>Note</i>	<i>8 months ended 31 December 1999 £</i>
Administrative expenses		11
OPERATING LOSS		<u>(11)</u>
Net interest payable	3	368,337
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(368,348)</u>
Taxation		-
RETAINED LOSS FOR THE PERIOD		<u><u>(368,348)</u></u>

There are no recognised gains or losses other than those included in the profit and loss account.



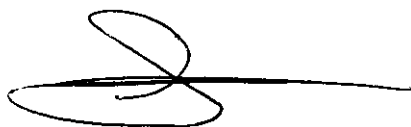
Environmental Property Services Holdings Limited

BALANCE SHEET at 31 December 1999

	Note	1999 £
FIXED ASSETS		
Investments	4	8,260,358
CURRENT ASSETS		
Amounts due from group companies		1,350,000
CREDITORS: amounts falling due within one year	5	1,635,407
NET CURRENT LIABILITIES		(285,407)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,974,951
CREDITORS: amounts falling due after more than one year	6	8,343,298
		(368,347)
CAPITAL AND RESERVES		
Share capital	8	1
Profit and loss account	9	(368,348)
		(368,347)

The balance sheet was approved by the board on 16 JUN 2000

Director





Environmental Property Services Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1999

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on a going concern basis because the parent undertaking has agreed to make adequate funds available to enable the company to meet its liabilities as they fall due.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

Group accounts

The accounts present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985, being a subsidiary of a parent incorporated in the EU.

Cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows as it is a wholly owned subsidiary of a parent undertaking which produces publicly available group accounts.

3. NET INTEREST PAYABLE

*8 months
ended
31 December
1999
£*

Interest payable on bank overdraft	3,086
Interest payable on bank loan	176,609
Interest payable on loan capital	174,463
Amortised loan issue costs	14,179
	<u>368,337</u>

4. FIXED ASSET INVESTMENTS

*Shares in
subsidiary
undertaking
£*

At Cost	8,260,358
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Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
EPS Maintenance Limited	Ordinary shares	100%	Property Services
EPS Group Limited	Ordinary shares	100%	Property services
EPS Page Limited	Ordinary shares	100%	Property services
EPS Tripp Limited	Ordinary shares	100%	Property services
JC Tripp & Son Limited	Ordinary shares	100%	Property services



Environmental Property Services Holdings Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

4. FIXED ASSET INVESTMENTS (continued)

On 13 August 1999, Environmental Property Services Holdings Limited purchased the whole of the issued share capital of EPS Page Limited, EPS Maintenance Limited, EPS Group Limited, JC Tripps & Son Limited and EPS Tripp Limited. The investment in these companies has been included in the balance sheet of Environmental Property Services Holdings Limited at its fair value at the date of acquisition.

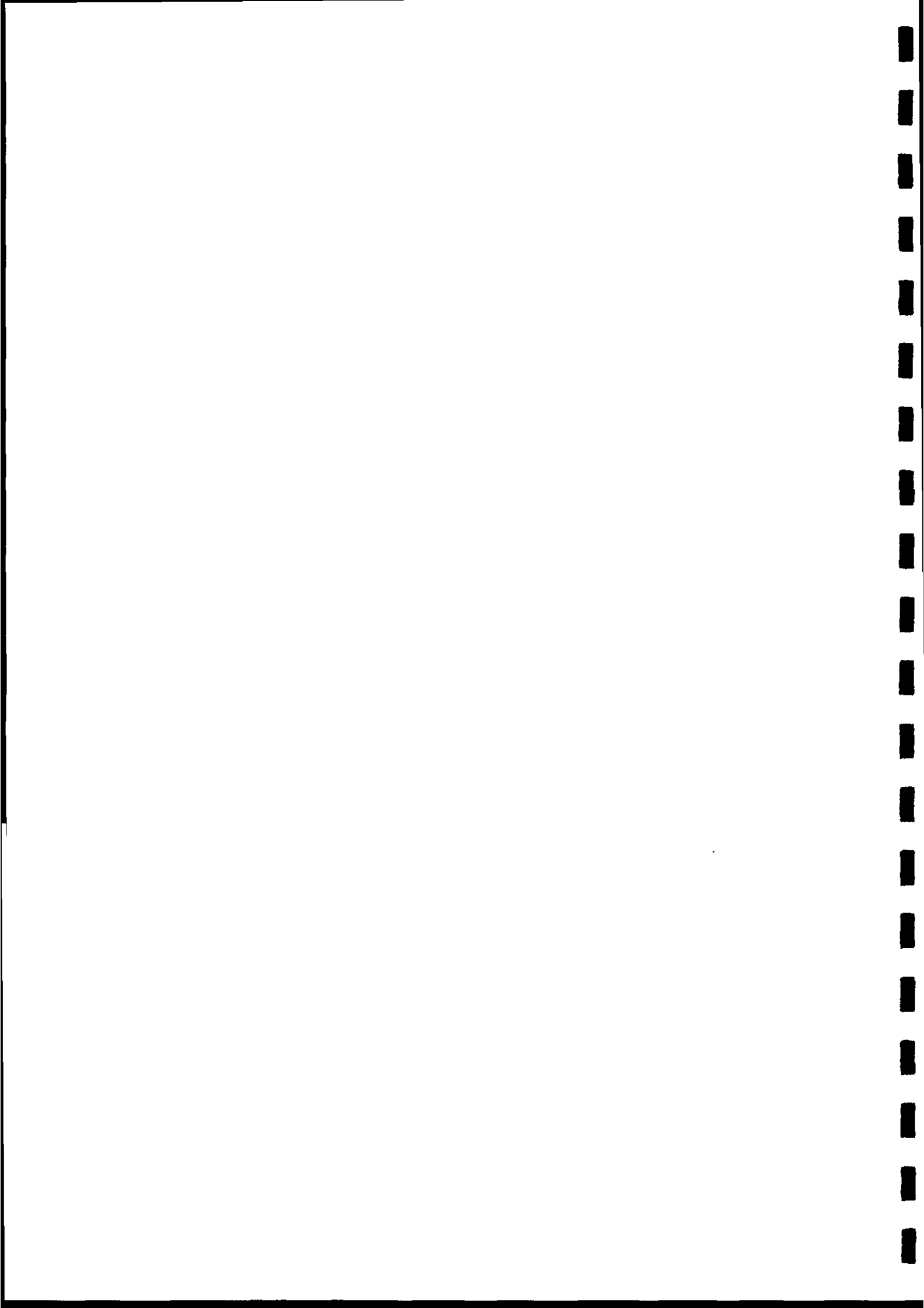
	<i>Book value and fair value £000</i>
Net liabilities at date of acquisition:	
Fixed assets	800
Debtors	5,878
Stocks and work in progress	2,564
Cash	(403)
Creditors	(8,871)
	(32)
Goodwill	8,292
	8,260
Discharged by:	
Cash consideration	6,178
Costs associated with the acquisition	2,082
	8,260

5. CREDITORS: amounts falling due within one year

	<i>1999 £</i>
Bank overdraft and loan	798,380
Amounts due to group companies	124,631
Deferred consideration	435,500
Other creditors	100,000
Accruals and deferred income	176,896
	1,635,407

6. CREDITORS: amounts falling due after more than one year *Group*

	<i>1999 £</i>
Bank Loans (note 6)	4,804,500
Loan stock (note 6)	3,790,534
	8,595,034
Less: unamortised issue costs	(251,736)
	8,343,298



Environmental Property Services Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1999

6. CREDITORS : amounts falling due after more than one year (continued)

The bank loan was obtained for the purchase of the respective subsidiary companies by Environmental Property Services Holdings Limited. It is secured by a fixed and floating charge over the assets of the group. The rate of interest payable on the loan is the aggregate of LIBOR, MLA and a marginal rate of interest.

The loan stock was issued to provide working capital to enable the company to fund the acquisition of the group. The interest payable is calculated on a daily basis and is to be paid annually on 12 February and 12 August.

£3.6m of the loan stock is held by Alchemy Partners Nominees Limited, the company's ultimate controlling shareholder.

7. LOANS

Group

1999
£

Not wholly repayable within five years:

Bank loans repayable in instalments commencing 31 March 2000
12% redeemable loan stock, maturing 1 July 2007

5,404,500
3,790,534

9,195,034

Less: unamortised issue costs

(273,837)

8,921,197

Less: included in creditors: amounts falling due within one year

577,899

8,343,298

1999
£

Amounts repayable by instalments:

in one year or less or on demand
between one and two years
between two and five years
over five years

577,899

577,899

2,323,192

5,442,207

8,921,197

Environmental Property Services Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1999

8. SHARE CAPITAL

	1999 No.	Authorised 1999 £
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
		<i>Allotted, called up and fully paid</i>
	1999 No.	1999 £
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total shareholders' funds £
Share issued in the period	1	-	1
Loss for the period	-	(368,348)	(368,348)
At 31 December 1999	<u>1</u>	<u>(368,348)</u>	<u>(368,347)</u>

10. COMMITMENTS

The company had no commitments at 31 December 1999.

11. ULTIMATE PARENT UNDERTAKING

In the directors' opinion the ultimate parent undertaking is Environmental Property Services plc. Environmental Services plc is the parent undertaking of the smallest and largest group of which the company is a member and for which group accounts are prepared. Copies of its group accounts are available from the registered office.

The company has taken advantage of the exemption under FRS 8 (paragraph 3(c)) from disclosure of transactions with group undertakings.

12. CONTROLLING PARTY

The directors consider Alchemy Partners Nominees Limited to be the ultimate controlling party, as 71% of the issued share capital is held by Alchemy Partners Nominees Limited on behalf of Alchemy Partners (Guernsey) Limited, the Plan Manager of the Alchemy Investment Plan.