

**Touche
Ross**

Deloitte Touche
Tohmatsu
International



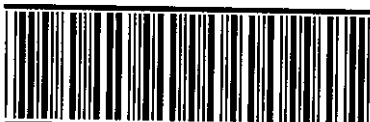
Company Registration No. 251293

OFFICE CLEANING SERVICES LIMITED

Report and Financial Statements

31 March 1995

**Touche Ross & Co.
Cornwallis House
Instone Road
Dartford DA1 2AG**



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COMPANIES HOUSE 10/01/96

**REPORT AND FINANCIAL STATEMENTS 1995**

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P.G. Goodliffe - Chairman
O.W. Weisflog - Managing Director
T. Fox
J.H. Hammond
C.R. Harvey
M. Willmott

SECRETARY

M. Clark

REGISTERED OFFICE

79 Limpsfield Road
Sanderstead
Surrey CR2 9LB

AUDITORS

Touche Ross & Co.
Cornwallis House
Instone Road
Dartford
DA1 2AG



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31st March 1995.

PRINCIPAL ACTIVITIES

The Company's principal activities during the year remain those of office and window cleaning.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Trading in certain geographical areas, as well as significant growth in public sector contracts affected by TUPE, depressed profits this year. As a result, the Company was restructured on 1 July 1995 to enable the directors to focus on their various customer groups. The directors are optimistic about future trading prospects.

RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

Details of the results for the year are set out in the profit and loss account on page 6.

An interim dividend has not been paid during the year (1994 - £306,000). The directors do not recommend the payment of a final dividend.

The profit for the year of £1,405,000 (1994 - £2,104,000) has been transferred to reserves.

DIRECTORS

The directors who served during the year were as follows:

D.H.G. Goodliffe	(President) - Resigned 23rd May 1994
G.H. Bowthorpe	(resigned 30th June 1995)
P.G. Goodliffe	(appointed Chairman 3rd April 1995)
O.W. Weisflog	(appointed Managing Director 3rd April 1995)
C.D. Cracknell	(resigned 3rd April 1995)
T. Fox	
J.H. Hammond	
C.R. Harvey	
P.D. Jury	(resigned 30th June 1995)
J. Lane	(resigned 31st March 1995)
R.D. Pope	(resigned 30th June 1995)
D.H. Symmons	(resigned 30th June 1995)
M. Willmot	(appointed 30th June 1995)

None of the directors had any interest in the shares of the Company or any other Group companies at 31st March 1995 or 31st March 1994 or on appointment except as noted below.

Messrs. G.H. Bowthorpe, C.D. Cracknell and P.G. Goodliffe are directors of the ultimate parent company, O.C.S. Group Limited and accordingly, their interests in the share capital of that company are shown in the report of its directors.

Messrs. T. Fox, J.H. Hammond, P.D. Jury, D.H. Symmons and O.W. Weisflog each had an interest in 500 (1994 - 500) employee shares of 10p each of O.C.S. Group Limited, the ultimate parent company, at 31st March 1995.

None of the remaining directors held any shares in the ultimate parent company.

EMPLOYEE INVOLVEMENT

The Company recognises that its principal asset is its employees and their commitment to its service standards and customers. Decisions are made wherever possible in consultation with the Company's divisional and regional management. Communication methods, to employees, vary according to need, but include employee reports, house journals, newsletters, booklets, video updates, bulletins and management briefings.

DIRECTORS' REPORT

The Company offers equal opportunities to all applicants whatever their sex, age, ethnic origin, religion or marital status. Disabled persons, whether registered or not, are considered for employment where they have the appropriate skills and abilities to perform the job. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

The Company is committed to ensuring that the training of staff in operating skills, as well as providing opportunities for personal development, remains an essential part of Company policy.

HEALTH AND SAFETY

A commitment to health and safety of our employees and clients is established in an O.C.S. Group Limited overall policy which is co-ordinated by a Group Board Director. Each company within the Group is responsible for implementation of the policy through sound training, documented procedures and regular safety committee meetings that take in all Group companies.

This responsibility is supported by our qualified health and safety officers available for on-site inspections and in an advisory capacity.

THE COMMUNITY AND THE ENVIRONMENT

The Group recognises that meeting environmental responsibilities is an integral part of its business operations. A Group Board Director has specific responsibility for the environmental policy and throughout the Group there is a commitment to provide the knowledge, skills and resources required to support an effective environmental policy within the Group's wider commercial objectives. The Group has carried out environmental audits of its leasehold and freehold property portfolio. This commitment will continue on a regular basis.

Each company within the Group has adopted the overall framework of the environmental policy. Procedures and processes have been implemented which endeavour to minimise potential damage to the environment, by the use of products and work methods which minimise risk to employees and clients, as well as limit emissions and waste.

Heightened public awareness and increased legislation provide a focal point for developing environmentally friendly techniques and solutions to problems, both in the Group's traditional activities, and in offering opportunities to develop new business.

TANGIBLE FIXED ASSETS

Details of the changes in the fixed assets during the year are included in note 9 to the accounts.


AUDITORS

The Company passed an Elective Resolution on 7th December 1990 in accordance with Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually and, accordingly, Touche Ross & Co. shall remain in office until the Company or Touche Ross & Co. otherwise determine.

79 Limpsfield Road
Sanderstead
Surrey CR2 9LB

Date

Approved by the Board
of Directors and signed
on behalf of the Board


M. Clark
Secretary

11/9/95

**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 as at the end of the financial year and of the profit or loss of the Company 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;
- 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. 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.



Chartered Accountants

Touche Ross & Co.
Cornwallis House
Instone Road
Dartford DA1 2AG

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International + 44 1322 277777
Telecopier (Gp. 3): 01322 291443

AUDITORS' REPORT TO THE MEMBERS OF OFFICE CLEANING SERVICES LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

TOUCHE ROSS & CO.

Chartered Accountants and
Registered Auditors

19 September 1995.

**PROFIT AND LOSS ACCOUNT**
Year ended 31 March 1995

	Note	1995 £'000	1994 £'000
TURNOVER	2	71,569	67,871
Cost of sales		(54,604)	(50,058)
GROSS PROFIT		16,965	17,813
Administrative expenses		(14,854)	(14,242)
OPERATING PROFIT	3	2,111	3,571
Interest receivable	6	85	100
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,196	3,671
Tax on profit on ordinary activities	7	(791)	(1,261)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,405	2,410
Dividends paid	8	-	(306)
RETAINED PROFIT FOR THE YEAR TRANSFERRED TO RESERVES	14	1,405	2,104

All the results derive from continuing operations.

There are no recognised gains or losses for the current and preceding financial years other than as stated above.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
Year ended 31 March 1995

	1995 £'000	1994 £'000
Profit for the financial year	1,405	2,410
Dividends	-	(306)
	<hr/>	<hr/>
Net addition to shareholders' funds	1,405	2,104
Opening shareholders' funds	12,072	9,968
	<hr/>	<hr/>
Closing shareholders' funds	13,477	12,072
	<hr/> <hr/>	<hr/> <hr/>



**BALANCE SHEET
31 March 1995**

	Note	1995 £'000	1994 £'000
FIXED ASSETS			
Tangible assets	9	2,582	2,734
CURRENT ASSETS			
Stocks	10	134	135
Debtors	11	15,582	14,549
Cash at bank and in hand		1,204	317
		16,920	15,001
CREDITORS: amounts falling due within one year	12	(6,025)	(5,663)
NET CURRENT ASSETS		10,895	9,338
TOTAL ASSETS LESS CURRENT LIABILITIES		13,477	12,072
CAPITAL AND RESERVES			
Called up share capital	13	5,000	5,000
Profit and loss account	14	8,477	7,072
EQUITY SHAREHOLDERS' FUNDS		13,477	12,072

These financial statements were approved by the Board of Directors on 11/9/95.

Signed on behalf of the Board of Directors

P.G. Goodliffe

C.R. Harvey

Directors



NOTES TO THE ACCOUNTS
Year ended 31 March 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the invoiced value of services provided exclusive of value added tax.

Tangible fixed assets and depreciation

For all tangible fixed assets depreciation is calculated to write down their cost to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which are considered to be:

Freehold buildings	-	50 years
Short leasehold property	-	the period of the lease
Motor vehicles	-	between 2 and 5 years
Equipment, fixtures, fittings and computers	-	between 2 and 5 years

Pensions

The Group operates a defined benefit, funded pension scheme covering full time administration staff. The pension costs are assessed in accordance with the advice of an independent qualified actuary and are charged to the profit and loss account so as to spread the cost over the expected service lives of participating employees.

Stocks

Stocks consist of raw material and consumable goods for resale and are valued at the lower of cost and net realisable value.

Leases

The costs of operating leases are charged to the profit and loss account as they accrue.

2. TURNOVER AND PROFITS

All turnover and profits are attributable to one activity which is carried out wholly in the United Kingdom.

3. OPERATING PROFIT

	1995 £'000	1994 £'000
Operating profit is after charging:		
Depreciation		
- Owned assets	1,463	1,587
Auditors' remuneration		
- Audit fees	38	37
and after crediting:		
Profit on disposal of fixed assets	(167)	(130)



NOTES TO THE ACCOUNTS
Year ended 31 March 1995

4. INFORMATION REGARDING EMPLOYEES

	1995 No.	1994 No.
The average number employed by the Company, including directors, within each category of persons was:		
Operating staff		
Full time	1,072	978
Part time	18,664	17,378
Sales staff	43	44
Administration staff	194	194
	<u>19,973</u>	<u>18,594</u>
The costs incurred in respect of these employees, including directors, were:	£'000	£'000
Wages and salaries	52,730	48,982
Social security costs	2,113	2,169
Other pension costs	545	537
	<u>55,388</u>	<u>51,688</u>

5. DIRECTORS' EMOLUMENTS

	1995 £'000	1994 £'000
Remuneration of the directors included in staff costs were as follows:		
Management remuneration	<u>441</u>	<u>411</u>
The emoluments, excluding pension contributions, of directors were as follows:		
Chairman	<u>nil</u>	<u>nil</u>
Highest paid director	<u>78</u>	<u>66</u>
	1995 No.	1994 No.
Other directors:		
£ 0 - £ 5,000	3	3
£ 15,001 - £ 20,000	-	1
£ 20,001 - £ 25,000	1	-
£ 25,001 - £ 30,000	1	2
£ 30,001 - £ 35,000	1	-
£ 50,001 - £ 55,000	-	1
£ 55,001 - £ 60,000	1	3
£ 60,001 - £ 65,000	<u>3</u>	<u>-</u>

The Chairman, Mr G H Bowthorpe, and Messrs. D H G Goodliffe, C D Cracknell and P G Goodliffe are directors of the ultimate parent company and their emoluments are shown in the accounts of that company.

**NOTES TO THE ACCOUNTS**
Year ended 31 March 1995**6. INTEREST RECEIVABLE**

	1995 £'000	1994 £'000
On amounts owed by ultimate parent company	39	46
Bank interest receivable	46	54
	<u>85</u>	<u>100</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £'000	1994 £'000
United Kingdom corporation tax at 33% (1994 - 33%) based on the profit for the year	755	1,273
Adjustments to prior years' tax provisions		
Corporation tax	36	(12)
	<u>791</u>	<u>1,261</u>

The tax charge is disproportionate to the profit on ordinary activities before taxation principally due to certain expenses charged to the profit and loss account being disallowed for taxation purposes.

8. DIVIDENDS PAID

	1995 £'000	1994 £'000
Equity interim dividend paid	-	306
	<u>-</u>	<u>306</u>



NOTES TO THE ACCOUNTS
Year ended 31 March 1995

9. TANGIBLE FIXED ASSETS

	Freehold properties £'000	Short leasehold properties £'000	Motor vehicles £'000	Equipment, fixtures, fittings and computers £'000	Total £'000
Cost					
At 1 April 1994	242	4	5,038	3,155	8,439
Additions - third party	-	-	994	392	1,386
- intra group	-	-	44	154	198
Disposals - third party	-	-	(1,098)	(66)	(1,164)
- intra group	-	-	(78)	-	(78)
At 31 March 1995	242	4	4,900	3,635	8,781
Accumulated depreciation					
At 1 April 1994	30	3	3,224	2,448	5,705
Charge for the year	5	-	1,016	442	1,463
Disposals - third party	-	-	(1,013)	(64)	(1,077)
- intra group	-	-	(63)	-	(63)
On group additions	-	-	21	150	171
At 31 March 1995	35	3	3,185	2,976	6,199
Net book value					
At 31 March 1995	207	1	1,715	659	2,582
At 31 March 1994	212	1	1,814	707	2,734

Included in fixed assets are fully depreciated assets with an original cost of £3,451,000.

10. STOCKS

	1995 £'000	1994 £'000
Raw materials and consumables	85	59
Machines, spare parts and repaired equipment	8	51
Stationery and computer consumables	41	25
	<u>134</u>	<u>135</u>

There was no significant difference between the replacement cost of stocks and the amounts at which they are stated in the financial statements.



NOTES TO THE ACCOUNTS
Year ended 31 March 1995

11. DEBTORS

	1995 £'000	1994 £'000
Trade debtors	9,273	9,052
Amount owed by ultimate parent company	5,944	5,181
Amount owed by fellow subsidiaries	82	67
Other debtors	15	13
Prepayments and accrued income	268	236
	<u>15,582</u>	<u>14,549</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £'000	1994 £'000
Trade creditors	888	851
Amounts owed to ultimate parent company	1,993	1,768
Amounts owed to fellow subsidiaries	479	285
Corporation tax	771	1,209
Other taxes and social security	536	489
Accruals	1,358	1,061
	<u>6,025</u>	<u>5,663</u>

13. CALLED UP SHARE CAPITAL

	1995 £'000	1994 £'000
Authorised 5,000,000 (1994 - 5,000,000) ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Called up, allotted and fully paid 5,000,000 (1994 - 5,000,000) ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

14. PROFIT AND LOSS ACCOUNT

	£'000
Balance at 1 April 1994	7,072
Retained profit for the year	<u>1,405</u>
Balance at 31 March 1995	<u>8,477</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

15. FINANCIAL COMMITMENTS

	1995 £'000	1994 £'000
Capital commitments		
Contracted for but not provided	-	142
Authorised but not yet contracted for	73	194

16. CONTINGENT LIABILITIES

The company has issued guarantees and warranties in the normal course of business.

17. PENSION SCHEME

The Company is a member of the O.C.S. Group Staff Pension and Assurance Scheme. This is a separate trustee fund administered by professional investment managers. Particulars of the scheme, including the latest actuarial assessment which was made as at 31 March 1994, are given in the financial statements of O.C.S. Group Limited. Pensions costs for the period are disclosed in note 4 to the accounts.

18. CASH FLOW STATEMENT

The Company is not presenting a cash flow statement. It is taking advantage of the exemption in Financial Reporting Standard No. 1 "Cash Flow Statements" as the ultimate parent company, O.C.S. Group Limited, has included a consolidated cash flow statement within its own consolidated financial statements. Copies of these financial statements can be obtained from the address shown in note 19 to the accounts.

19. ULTIMATE PARENT COMPANY

The ultimate parent company is O.C.S. Group Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the accounts of O.C.S. Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

20. POST BALANCE SHEET EVENT

On 1 July 1995 the Company was reorganised on a geographical basis with the contracts operating in the Midlands and North transferred to a new company, OCS Cleaning Midlands & North Limited. The specialist schools cleaning activities were transferred to a new company, Trident Contract Services Limited formerly Hospital Contract Services Limited, which has been set up as a vehicle for public sector activities. The activities of the Company are now focused on contracts in London and the South of England.