

**OCS CLEANING SOUTH LIMITED**  
(formerly Office Cleaning Services Limited)

**Report and Financial Statements**

**31 March 1998**

**Deloitte & Touche**  
**Hill House**  
**1 Little New Street**  
**London**  
**EC4A 3TR**



**OCS CLEANING SOUTH LIMITED**  
**(formerly Office Cleaning Services Limited)**

**REPORT AND FINANCIAL STATEMENTS 1998**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Auditors' report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Reconciliation of movements in shareholders' funds</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Notes to the accounts</b>	<b>10</b>

**REPORT AND FINANCIAL STATEMENTS 1998**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr. O.W. Weisflog        - Managing Director  
Mr. A. Bruter  
Mr T. C. Izzard  
Mr. J. Rathbone  
Mr. M. Willmott

**SECRETARY**

Mr. M. Clark

**REGISTERED OFFICE**

79 Limpsfield Road  
Sanderstead  
Surrey  
CR2 9LB

**AUDITORS**

Deloitte & Touche  
Hill House  
1 Little New Street  
London  
EC4A 3TR

**OCS CLEANING SOUTH LIMITED**  
**(formerly Office Cleaning Services Limited)**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

### **CHANGE OF NAME**

The Company changed its name from Office Cleaning Services Limited to OCS Cleaning South Limited on 17 March 1998.

### **PRINCIPAL ACTIVITIES**

The Company's principal activities remain those of office, window and carpet cleaning, and other related support services.

### **REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The year saw a considerable increase in business, in both large contracts and National Accounts. This has had the effect of reducing margins due to commercial pressures in these sectors. In addition, start up costs for this new work have been considerable. The Company is now well positioned for the future.

### **RESULTS AND DIVIDENDS**

Details of the results for the year are set out in the profit and loss account on page 7 and in the notes on pages 10 to 12.

The financial position at the year end is set out in the balance sheet on page 9 and in the notes on pages 12 to 15.

An interim dividend of £1,000,000 (1997 - £3,750,000) has been paid during the year.

The directors do not recommend the payment of a final dividend (1997 - £nil).

### **DIRECTORS**

The directors who served during the period were as follows:

Mr. O.W. Weisflog    Managing Director  
Mr. A. Bruter  
Mr. P. G. Goodliffe    (Resigned 14 November 1997)  
Mr. C. R. Harvey    (Resigned 23 May 1997)  
Mr. J. Rathbone  
Mr. M. Willmott

Having been appointed on 9 April 1998, Mr. T C Izzard retires and offers himself for re-election.

None of the directors at 31 March 1998 had any interest in the shares of the Company or any other Group companies or on appointment except as noted below:

Mr. O.W. Weisflog has an interest in 500 (1997 - 500) employee shares of 10p each of O.C.S. Group Limited, the ultimate parent company, at 31 March 1998.

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

### **YEAR 2000 COMPLIANCE**

The Company has recognised the potential issues arising from the year 2000 and has investigated the upgrading of its computer and communication systems. A replacement programme is in operation to upgrade all areas of IT and communication networks as appropriate.

## **DIRECTORS' REPORT (continued)**

### **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.

The Company offers equal opportunities to all applicants whatever their sex, age, ethnic origin, disability, religion or marital status. Disabled persons 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 place 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.

**OCS CLEANING SOUTH LIMITED**  
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**DIRECTORS' REPORT (continued)**

**AUDITORS**

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

79 Limpsfield Road  
Sanderstead  
Surrey CR2 9LB

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

  
M. Clark  
Secretary  
30/06/93

## **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 ensuring the Company keeps 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 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.

**AUDITORS' REPORT TO THE MEMBERS OF  
OFFICE CLEANING SERVICES LIMITED  
(formerly Office Cleaning Services Limited)**

We have audited the financial statements on pages 7 to 15 which have been prepared under the accounting policies set out on page 10.

**Respective responsibilities of directors and auditors**

As described on page 5 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 affairs of the Company as at 31 March 1998 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

7 July 1998



**OCS CLEANING SOUTH LIMITED**  
(formerly Office Cleaning Services Limited)

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1998**

	Note	1998 £'000	1997 £'000
<b>TURNOVER</b>	2	51,262	44,620
Cost of sales		(41,627)	(35,658)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		9,635	8,962
Administrative expenses		(8,325)	(7,559)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>	3	1,310	1,403
Interest receivable	6	6	39
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,316	1,442
Tax on profit on ordinary activities	7	(420)	(497)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		896	945
Dividends paid	8	(1,000)	(3,750)
		<hr/>	<hr/>
<b>RETAINED LOSS FOR THE YEAR TRANSFERRED FROM RESERVES</b>	15	(104)	(2,805)
		<hr/> <hr/>	<hr/> <hr/>

All the activities derive from continuing operations.

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

**OCS CLEANING SOUTH LIMITED**  
**(formerly Office Cleaning Services Limited)**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**Year ended 31 March 1998**

	1998 £'000	1997 £'000
Profit for the financial year	896	945
Dividends	(1,000)	(3,750)
Goodwill written-off	(11)	(190)
<b>Net reduction in shareholders' funds</b>	<u>(115)</u>	<u>(2,995)</u>
Opening shareholders' funds	<u>6,334</u>	<u>9,329</u>
<b>Closing shareholders' funds</b>	<u><u>6,219</u></u>	<u><u>6,334</u></u>

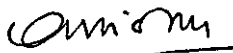
**OCS CLEANING SOUTH LIMITED**  
(formerly Office Cleaning Services Limited)

**BALANCE SHEET**  
**31 March 1998**

	Note	1998 £'000	1997 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	1,181	1,090
<b>CURRENT ASSETS</b>			
Stocks	10	89	125
Debtors	11	9,080	9,196
Cash at bank and in hand		1,114	573
		10,283	9,894
<b>CREDITORS: amounts falling due within one year</b>	13	(5,245)	(4,650)
<b>NET CURRENT ASSETS</b>		5,038	5,244
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,219	6,334
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	5,000	5,000
Profit and loss account	15	1,219	1,334
<b>EQUITY SHAREHOLDERS' FUNDS</b>		6,219	6,334

These financial statements were approved by the Board of Directors on 30 June 1998.

Signed on behalf of the Board of Directors



O. W. Weisflog  
Director



T. C. Izzard  
Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**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, which excludes value added tax, represents the invoiced value of services provided and the value of work executed on contract business.

**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. The rates of depreciation are as follows:

Leased assets	-	Over the term of the lease
Motor vehicles	-	25 - 33.33% per annum
Plant, equipment, fixtures and fittings	-	10 - 33.33% per annum

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Deferred taxation**

Provision is made at the current rate of taxation for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes except where, in the opinion of the directors, the liability will not crystallise in the foreseeable future.

**Pensions**

The Company participates within the O.C.S. Group Staff Pension and Assurance Scheme and the O.C.S. Group Transfer of Undertakings Pension Scheme. 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 costs over the expected service lives of participating employees.

**Goodwill**

Purchased goodwill is written off directly to reserves in the year of acquisition.

**2. TURNOVER AND PROFITS**

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

**OCS CLEANING SOUTH LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**3. OPERATING PROFIT**

	1998	1997
	£'000	£'000
<b>Operating profit is after charging/(crediting):</b>		
Depreciation		
- Owned assets	668	641
Auditors' remuneration		
- Audit fees	19	19
Profit on disposal of fixed assets	(57)	(58)
	630	611

**4. DIRECTORS' EMOLUMENTS**

	1998	1997
	£'000	£'000
Remuneration of the directors included in staff costs were as follows:		
Management remuneration	282	299
	282	299
The emoluments, excluding pension contributions, of directors were as follows:		
Highest paid director	82	76
	82	76

The accrued pension entitlement at 31 March 1998 of the highest paid director was £19,358 (at 31 March 1997 £16,900).

All directors are members of the O.C.S. Group Staff Pension and Assurance Scheme.

**5. INFORMATION REGARDING EMPLOYEES**

	1998	1997
	No.	No.
The average number, including directors, employed by the Company within each category of persons, was:		
Operations	7,564	7,390
Sales	19	17
Administration	94	102
	7,677	7,509
Staff costs incurred during the year in respect of these employees, including directors, were:		
	£'000	£'000
Wages and salaries	30,266	26,825
Social security costs	1,479	1,257
Other pension costs	306	286
	32,051	28,368

**6. INTEREST RECEIVABLE**

	1998	1997
	£'000	£'000
On amounts owed by ultimate parent company	6	39
	6	39

**OCS CLEANING SOUTH LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1998	1997
	£'000	£'000
United Kingdom corporation tax at 31% (1997 - 33%)	407	486
Deferred taxation	13	(8)
Adjustment in respect of prior years	-	19
	420	497
	420	497

**8. DIVIDENDS PAID**

	1998	1997
	£'000	£'000
Interim dividend paid	1,000	3,750
	1,000	3,750
	1,000	3,750

All dividends paid are in respect of equity shares.

**9. TANGIBLE FIXED ASSETS**

	Short leasehold properties £'000	Motor vehicles £'000	Plant, equipment, fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 April 1997	4	2,484	2,259	4,747
Additions - third party	-	538	198	736
- group	-	40	-	40
Disposals - third party	-	(407)	(2)	(409)
	4	2,655	2,455	5,114
At 31 March 1998	4	2,655	2,455	5,114
	4	2,655	2,455	5,114
<b>Accumulated depreciation</b>				
At 1 April 1997	3	1,720	1,934	3,657
Charge for the year	1	453	214	668
Disposals - third party	-	(403)	(2)	(405)
On group additions	-	13	-	13
	4	1,783	2,146	3,933
At 31 March 1998	4	1,783	2,146	3,933
	4	1,783	2,146	3,933
<b>Net book value</b>				
At 31 March 1998	-	872	309	1,181
	-	872	309	1,181
At 31 March 1997	1	764	325	1,090
	1	764	325	1,090

**OCS CLEANING SOUTH LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**10. STOCKS**

	1998	1997
	£'000	£'000
Raw materials and consumables	28	83
Machines, spare parts and repaired equipment	9	2
Stationery and other computer consumables	52	40
	89	125
	89	125

At 31 March 1998 and 31 March 1997 there was no significant difference between the replacement cost of stocks and the amounts at which they are stated in the financial statements.

**11. DEBTORS**

	1998	1997
	£'000	£'000
Trade debtors	6,200	5,448
Amount owed by ultimate parent company	2,018	3,093
Amount owed by fellow subsidiary undertakings	52	100
Other debtors	-	43
Corporation tax recoverable	1	-
Deferred tax asset (note 12)	2	15
Prepayments and accrued income	807	497
	9,080	9,196
	9,080	9,196

**12. DEFERRED TAXATION**

	1998	1997
	£'000	£'000
Balance at 1 April 1997	15	7
Current year (charge)/credit	(13)	8
	2	15
	2	15

The amount of deferred tax asset recognised in the financial statements and the potential amounts not recognised are:

	Recognised		Not recognised	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Short term timing differences	2	15	-	-
	2	15	-	-
	2	15	-	-

**OCS CLEANING SOUTH LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1998	1997
	£'000	£'000
Trade creditors	279	212
Amounts owed to ultimate parent company	1,545	1,595
Amounts owed to fellow subsidiary undertakings	1,684	1,302
Corporation tax	407	486
Other taxes and social security	372	311
Accruals and deferred income	958	744
	5,245	4,650

**14. CALLED UP SHARE CAPITAL**

	1998	1997
	£'000	£'000
Authorised		
5,000,000 (1996 - 5,000,000) ordinary shares of £1 each	5,000	5,000
Called up, allotted and fully paid		
5,000,000 (1996 - 5,000,000) ordinary shares of £1 each	5,000	5,000

**15. PROFIT AND LOSS ACCOUNT**

	£'000
Balance at 1 April 1997	1,334
Loss for the year	(104)
Goodwill written off	(11)
Balance at 31 March 1998	1,219

**16. FINANCIAL COMMITMENTS**

	1998	1997
	£'000	£'000
<b>Capital commitments</b>		
Contracted for but not provided	-	58

**17. CONTINGENT LIABILITIES**

The Company has entered into unlimited cross-guarantees in respect of borrowings by certain Group companies. At 31 March 1998 the borrowings outstanding were £nil (1997 - £nil). The Company has issued guarantees and warranties in the normal course of business.



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1998**

**18. RELATED PARTIES**

In accordance with Financial Reporting Standard No.8, "Related Party Disclosures", transactions with other undertakings within, and investee related parties of, O.C.S. Group Limited have not been disclosed in these financial statements.

**19. PENSION SCHEME**

The Company is a member of the O.C.S. Group Staff Pension and Assurance Scheme and the O.C.S. Group Transfer of Undertakings Pension Scheme. These are separate trustee funds administered by professional investment managers. Particulars of the schemes, including the latest actuarial assessment which for both schemes was made as at 31 March 1997, are given in the financial statements of O.C.S. Group Limited.

Pensions costs for the period are disclosed in note 5 to the accounts.

**20. ULTIMATE PARENT COMPANY**

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