



**MITIE CLEANING (NORTH) LIMITED**

**Report and Financial Statements**

**16 March 1996**

**Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol  
BS1 4JP**





**REPORT AND FINANCIAL STATEMENTS 1996**

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**REPORT AND FINANCIAL STATEMENTS 1996**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
I R Stewart  
D J Robertson  
M McCarthy

**SECRETARIES**

A F Waters  
M O Thomas

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wrington  
Bristol  
BS18 7SA

**BANKERS**

Midland Bank plc  
49 Corn Street  
Bristol  
BS99 7PP

**AUDITORS**

Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol  
BS1 4JP

## **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 16 March 1996.

The financial statements have been made up to 16 March 1996, being a date not more than seven days after the accounting reference date as permitted by Section 223 of the Companies Act 1985.

## **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; and
- 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 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.

## **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company during the year remained the provision of cleaning services to industrial and commercial clients.

## **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £933,302 (1995: £628,272). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed £4,660 per share	466,000
Transfer to reserves	467,302
	<hr/>
	933,302
	<hr/>

## **FIXED ASSETS**

Details of movements in fixed assets during the year are set out in Note 6 to the financial statements.

**DIRECTORS' REPORT (continued)**

**DIRECTORS**

The directors during the year were as follows:

D M Telling  
 I R Stewart  
 D J Robertson  
 M McCarthy

No director had a beneficial interest in the share capital of the company.

Messrs D M Telling and I R Stewart are directors of MITIE Group PLC, the company's parent undertaking, and their interests in the share capital of that company are shown in the financial statements of MITIE Group PLC.

Other directors' interests in the share capital of MITIE Group PLC are as follows:

	16 March 1996		19 March 1995	
	25p Ordinary shares Number	6% Convertible redeemable unsecured loan stock £	25p Ordinary shares Number	6% Convertible redeemable unsecured loan stock £
M McCarthy	808,632	70,000	827,632	70,000
D J Robertson	5,700	-	-	-

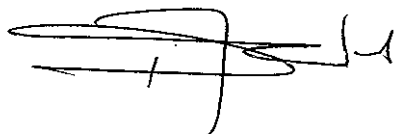
**PAYMENT POLICY**

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms.

**AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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



A F Waters  
 Secretary

14 August 1996



## Chartered Accountants

Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol BS1 4JP

Telephone: National 0117 921 1622  
International + 44 117 921 1622  
Fax (Gp. 3): 0117 929 2801

## AUDITORS' REPORT TO THE MEMBERS OF

### MITIE CLEANING (NORTH) LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 2, 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 as at 16 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

*19 August 1996*

**DELOITTE & TOUCHE**  
Chartered Accountants and  
Registered Auditors

**PROFIT AND LOSS ACCOUNT**  
**Year ended 16 March 1996**

	Notes	Continuing operations 1996 £	1995 £
<b>TURNOVER</b>		15,168,421	11,632,069
Cost of sales		(11,198,131)	(8,542,294)
<b>GROSS PROFIT</b>		3,970,290	3,089,775
Administrative expenses		(2,583,727)	(2,150,490)
<b>OPERATING PROFIT</b>	2	1,386,563	939,285
Interest receivable	3	8,978	2,160
Interest payable	3	(11,781)	(6,543)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,383,760	934,902
Tax on profit on ordinary activities	4	(450,458)	(306,630)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		933,302	628,272
Dividends	5	(466,000)	(457,603)
<b>RETAINED PROFIT FOR THE YEAR</b>	11	467,302	170,669

There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.



**BALANCE SHEET**  
**16 March 1996**

	Notes	£	1996 £	£	1995 £
<b>FIXED ASSETS</b>					
Tangible assets	6		1,091,059		760,720
<b>CURRENT ASSETS</b>					
Debtors	7	2,953,159		2,021,599	
Cash at bank and in hand		313,880		203,923	
		3,267,039		2,225,522	
<b>CREDITORS: amounts falling due within one year</b>	8	(3,147,232)		(2,265,517)	
<b>Net current assets/(liabilities)</b>			119,807		(39,995)
<b>Total assets less current liabilities</b>			1,210,866		720,725
<b>CREDITORS: amounts falling due after more than one year</b>	9		(67,120)		(44,281)
<b>NET ASSETS</b>			1,143,746		676,444
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		100		100
Profit and loss account	11		1,143,646		676,344
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			1,143,746		676,444

These financial statements were approved by the Board of Directors on 14 August 1996

Signed on behalf of the Board of Directors

D M Telling  
Director



**CASH FLOW STATEMENT**  
**Year ended 16 March 1996**

	Notes	1996	1995
		£	£
<b>Net cash inflow from operating activities</b>	13	1,451,283	735,229
<b>Returns on investments and servicing of finance</b>			
Interest received		8,978	2,160
Interest paid		(1,841)	(105)
Interest element of finance lease and hire purchase rental payments		(8,940)	(6,543)
Dividends paid		<u>(457,603)</u>	<u>(156,000)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		(459,406)	(160,488)
<b>Taxation</b>			
UK Corporation tax paid		(306,657)	(258,930)
<b>Investing activities</b>			
Purchase of tangible fixed assets		(526,189)	(372,273)
Disposal of tangible fixed assets		<u>30,540</u>	<u>9,758</u>
<b>Net cash outflow from investing activities</b>		(495,649)	(362,515)
<b>Net cash inflow/(outflow) before financing</b>		189,571	(46,704)
<b>Financing</b>			
Capital element of finance lease and hire purchase rental payments	14	<u>(79,614)</u>	<u>(47,437)</u>
<b>Net cash outflow from financing</b>		(79,614)	(47,437)
<b>Increase/(decrease) in cash and cash equivalents</b>	15	<u>109,957</u>	<u>(94,141)</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 16 March 1996**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and office equipment	4 to 5 years
Motor vehicles	4 years

**Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets at the estimated net present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract.

Rentals paid under other leases (operating leases) are charged against income on a straight-line basis over the lease term.

**Deferred taxation**

Provision is made for deferred taxation using the liability method in respect of timing differences to the extent that liabilities will crystallise in the foreseeable future.

**Pension costs**

Pension costs represent amounts paid to one of the group's pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

**Compliance with accounting standards**

The financial statements have been prepared in accordance with applicable accounting standards.

**NOTES TO THE ACCOUNTS**  
**Year ended 16 March 1996**

<b>2. OPERATING PROFIT</b> is stated after charging/(crediting):	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Depreciation: owned fixed assets	242,797	192,383
Depreciation: assets under finance leases and hire purchase contracts	64,546	29,933
Operating lease rentals		
- land and buildings	74,364	29,600
- plant and equipment	140,263	113,679
Auditors' remuneration: audit services	3,000	3,000
(Profit)/loss on disposal of fixed assets	(10,941)	754
	<hr/>	<hr/>
<b>3. INTEREST</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
<b>(1) Interest receivable</b>		
On bank deposits	8,978	2,160
	<hr/>	<hr/>
<b>(2) Interest payable</b>		
On bank overdraft repayable within five years	2,841	-
On finance leases and hire purchase contracts terminating within five years	8,940	6,543
	<hr/>	<hr/>
	11,781	6,543
	<hr/>	<hr/>
<b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
<b>UK current year taxation</b>		
UK Corporation Tax at 33% (1995: 33%)	450,500	306,700
<b>Prior years</b>		
UK Corporation Tax	(42)	(70)
	<hr/>	<hr/>
	450,458	306,630
	<hr/>	<hr/>
<b>5. DIVIDENDS</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Ordinary:		
Final proposed of £4,660 (1995: £4,576) per share	466,000	457,603
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**  
**Year ended 16 March 1996**

**6. TANGIBLE FIXED ASSETS**

<b>(1) Summary</b>	<b>Office equipment £</b>	<b>Plant and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
19 March 1995	59,427	1,243,135	332,569	1,635,131
Additions	70,773	398,001	188,507	657,281
Disposals	-	(18,535)	(58,353)	(76,888)
<b>16 March 1996</b>	<b>130,200</b>	<b>1,622,601</b>	<b>462,723</b>	<b>2,215,524</b>
<b>Depreciation</b>				
19 March 1995	24,128	688,520	161,763	874,411
Charge for the year	15,134	214,340	77,869	307,343
Disposals	-	(11,754)	(45,535)	(57,289)
<b>16 March 1996</b>	<b>39,262</b>	<b>891,106</b>	<b>194,097</b>	<b>1,124,465</b>
<b>Net book value</b>				
Owned assets	90,938	558,187	268,626	917,751
Leased assets	-	173,308	-	173,308
<b>16 March 1996</b>	<b>90,938</b>	<b>731,495</b>	<b>268,626</b>	<b>1,091,059</b>
Owned assets	35,299	425,633	170,806	631,738
Leased assets	-	128,982	-	128,982
<b>19 March 1995</b>	<b>35,299</b>	<b>554,615</b>	<b>170,806</b>	<b>760,720</b>

**(2) Capital commitments**

At 16 March 1996 the directors had authorised capital expenditure of £474,000 (1995: Nil).

<b>7. DEBTORS</b>	<b>1996 £</b>	<b>1995 £</b>
Trade debtors	2,755,764	1,993,186
Amounts owed by parent undertaking and fellow subsidiary undertakings	179,730	-
Other debtors	15,294	15,438
Prepayments and accrued income	2,371	12,975
	<b>2,953,159</b>	<b>2,021,599</b>

**NOTES TO THE ACCOUNTS**  
**Year ended 16 March 1996**

<b>8. CREDITORS: amounts falling due within one year</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Trade creditors	801,162	141,189
Obligations under finance leases and hire purchase contracts	85,425	56,786
Amounts owed to parent undertaking and subsidiary undertakings	243,506	35,762
Corporation tax	450,500	306,700
Other taxes and social security costs	1,057,821	762,394
Other creditors	9,595	392,015
Accruals and deferred income	33,223	113,068
Proposed dividend	466,000	457,603
	<u>3,147,232</u>	<u>2,265,517</u>

Obligations under finance lease and hire purchase contracts are secured by the related asset.

<b>9. CREDITORS: amounts falling due after more than one year</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Obligations under finance lease and hire purchase contracts due:		
- between one and two years	52,544	30,998
- between two and five years	14,576	13,283
	<u>67,120</u>	<u>44,281</u>

**10. CALLED UP SHARE CAPITAL**

	<b>1996</b>	
	<b>Number</b>	<b>£</b>
<b>(1) Authorised</b>		
£1 Ordinary shares	<u>100</u>	<u>100</u>
<b>(2) Allotted and fully paid</b>		
	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
£1 Ordinary shares	<u>100</u>	<u>100</u>

**11. PROFIT AND LOSS ACCOUNT**

	<b>£</b>
19 March 1995	676,344
Retained profit for the year	<u>467,302</u>
<b>16 March 1996</b>	<u><b>1,143,646</b></u>

**NOTES TO THE ACCOUNTS**  
**Year ended 16 March 1996**

**12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	933,302	628,272
Proposed dividend	(466,000)	(457,603)
Net addition to shareholders' funds	467,302	170,669
Opening shareholders' funds	676,444	505,775
<b>Closing shareholders' funds</b>	<b>1,143,746</b>	<b>676,444</b>

**13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Operating profit	1,386,564	939,285
Depreciation charges	307,343	222,316
(Profit)/loss on disposal of tangible fixed assets	(10,941)	754
Increase in debtors	(931,560)	(782,108)
Increase in creditors	699,877	354,982
<b>Net cash inflow from operating activities</b>	<b>1,451,283</b>	<b>735,229</b>

**14. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

<b>Finance leases and hire purchase contracts</b>	<b>£</b>
19 March 1995	101,067
Inception of finance leases and hire purchase contracts	131,092
Capital element of finance lease and hire purchase rental payments	(79,614)
<b>16 March 1996</b>	<b>152,545</b>

**NOTES TO THE ACCOUNTS**  
**Year ended 16 March 1996**

**15. CASH AND CASH EQUIVALENTS**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
<b>Balance of cash and cash equivalents</b>		
Cash at bank and in hand	313,880	203,923
	<u>          </u>	<u>          </u>
<b>Change in the balance of cash and cash equivalents</b>		
19 March	203,923	298,064
Net cash inflow/(outflow) for the year	109,957	(94,141)
	<u>          </u>	<u>          </u>
<b>16 March</b>	<b>313,880</b>	<b>203,923</b>
	<u>          </u>	<u>          </u>

**16. FINANCIAL COMMITMENTS**

**(1) Operating leases**

At 16 March 1996 the company had annual commitments under non-cancellable operating leases as follows:

	<b>1996</b>		<b>1995</b>	
	<b>Land and buildings £</b>	<b>Other £</b>	<b>Land and buildings £</b>	<b>Other £</b>
Expiry date:				
- within one year	-	50,305	-	16,200
- between two and five years	11,100	100,136	11,100	122,120
- in over five years	58,500	-	18,500	-
	<u>69,600</u>	<u>150,441</u>	<u>29,600</u>	<u>138,320</u>

**(2) Commitments on behalf of group undertakings**

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts.

**17. DIRECTORS**

**(1) Emoluments**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
The emoluments of the directors of the company were:		
Fees and other emoluments (including pension contributions and benefits in kind)	116,269	97,139
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**Year ended 16 March 1996**

**17. DIRECTORS (continued)**

**(2) Bandings**

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	1996 £	1995 £
The chairman	-	-
The highest-paid director	<u>112,282</u>	<u>93,151</u>

Other directors' emoluments (excluding pension contributions) were in the following ranges:

	Number	Number
£0 - £5,000	<u>2</u>	<u>2</u>

**18. EMPLOYEES**

**(1) Number of employees**

The average number of persons (including directors) employed by the company during the year was:

	1996 Number	1995 Number
Site labour	3,341	2,762
Administration and management	<u>71</u>	<u>63</u>
	<u>3,412</u>	<u>2,825</u>

**(2) Employment costs**

	£	£
Wages and salaries	11,037,476	8,512,769
Social security costs	416,737	304,347
Other pension costs	<u>35,230</u>	<u>14,899</u>
	<u>11,489,443</u>	<u>8,832,015</u>

**19. PARENT UNDERTAKING**

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's parent undertaking. Copies of the group financial statements can be obtained from the company secretary at the registered office.



**DETAILED PROFIT AND LOSS ACCOUNT**  
**Year ended 16 March 1996**

	1996 £	1995 £
<b>TURNOVER</b>	15,168,421	11,632,069
<b>COST OF SALES</b>		
Wages	9,974,774	7,665,077
Materials	1,022,384	744,386
Travelling	119,440	91,076
Plant repairs	81,533	41,755
	<u>(11,198,131)</u>	<u>(8,542,294)</u>
<b>GROSS PROFIT</b>	<u>3,970,290</u>	<u>3,089,775</u>
<b>EXPENSES</b>		
Management charges	166,972	269,035
Salaries, including directors' salaries	1,514,670	1,166,938
Rents and rates	98,362	41,507
Light and heat	9,190	6,625
Insurance	51,800	76,223
Telephone	54,276	38,007
Postage, stationery and advertising	108,343	76,685
Entertaining	17,241	12,046
Repairs and renewals	19,307	10,044
Motor expenses	118,832	95,110
Trade subscriptions	101	740
Education and training	8,664	3,338
Bank charges	3,454	5,057
Audit fee	3,000	3,000
Legal and professional	13,944	4,061
Sundry expenses	10,787	5,325
Hire of vehicles	140,263	113,679
Hire of plant and machinery	1,846	-
Depreciation	307,343	222,316
(Profit)/loss on disposal of fixed assets	<u>(10,941)</u>	<u>754</u>
	<u>(2,637,454)</u>	<u>(2,150,490)</u>
Management charges receivable	53,727	-
<b>OPERATING PROFIT</b>	<u>1,386,563</u>	<u>939,285</u>