

**MITIE ENGINEERING SERVICES
(SOUTH EAST) LIMITED****DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

for the year ended 31 March 1994



Company number 972457

Ayr Glasgow Belfast Birmingham Bristol Dundee Edinburgh
Exeter Glasgow Hull Kingston Leeds London
Manchester Newcastle Nottingham
Preston Reading Southampton
Stirling Warrington

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

DIRECTORS

DM Telling (Chairman)
WE Harding
CS Acheson
JD Cullen
SJ Macey
GI Capon
PA Lee

SECRETARY

AF Waters

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton BS18 7SA

AUDITORS

BDO Binder Hamlyn
Broad Quay House
Broad Quay
Bristol BS1 4PQ

BANKERS

National Westminster Bank plc
32 Corn Street
Bristol BS99 7UG

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

DIRECTORS' REPORT for the year ended 31 March 1994

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 March 1994.

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 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, subject to any material departures disclosed and explained in the financial statements; 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is the installation of electrical and mechanical services in commercial and industrial premises.

The company's business developed satisfactorily and the directors consider that the company is in a good position to continue that development.

RESULTS

The profit for the year after taxation amounted to £273,306 (1993: £175,357). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Interim paid	1,200
- Final proposed	1,200
Transfer to reserves	270,906
	<hr/>
	273,306

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

DIRECTORS' REPORT for the year ended 31 March 1994

FIXED ASSETS

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

DIRECTORS

The directors during the year were:

DM Telling	(Chairman)
WE Harding	
CS Acheson	
JD Cullen	
SJ Macey	
GI Capon	
PA Lee	(appointed 2 August 1993)

The beneficial interests of the directors and their families in the shares of the company are:

	31 March 1994 10p Ordinary shares Number	1 April 1993 or date of appointment 10p Ordinary shares Number
CS Acheson	1,000	1,060
JD Cullen	950	1,100
SJ Macey	700	1,100
GI Capon	500	500
PA Lee	160	-

No other director has a beneficial interest in the shares of the company.

WE Harding and DM Telling are directors of MITIE Group PLC, the ultimate 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:

	31 March 1994 50p Ordinary shares Number	1 April 1993 50p Ordinary shares Number
CS Acheson	1,480	1,480

No other director has an interest in the share capital of MITIE Group PLC.

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

DIRECTORS' REPORT
for the year ended 31 March 1994

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 17 August 1994.

A handwritten signature in black ink, appearing to be 'AF Waters', written over a horizontal line.

AF Waters
Secretary

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED



BDO Binder Hamlyn
Chartered Accountants

Broad Quay House
Broad Quay Bristol BS1 4PQ

AUDITORS' REPORT

to the members of MITIE Engineering Services (South East) Limited

We have audited the financial statements on pages 5 to 15 which have been prepared on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1, 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 31 March 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Binder Hamlyn', with a horizontal line underneath.

Chartered Accountants
Registered Auditors

17 August 1994

MITE ENGINEERING SERVICES (SOUTH EAST) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1994

	Notes	Continuing operations 1994	1993
		£	£
Turnover		10,941,980	8,291,164
Cost of sales		(9,306,785)	(7,055,021)
Gross profit		1,635,195	1,236,143
Administrative expenses		(1,248,577)	(998,766)
Operating profit	2	386,618	237,377
Interest receivable	3	25,472	45,793
Interest payable	3	(552)	(13,576)
Dividend receivable		3,600	-
Profit on ordinary activities before taxation		415,138	269,594
Tax on profit on ordinary activities	4	(141,832)	(94,237)
Profit on ordinary activities after taxation		273,306	175,357
Dividends	5	(2,400)	-
Retained profit for the year	12	270,906	175,357

There were no recognised gains or losses other than the profit for the year.

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

BALANCE SHEET
as at 31 March 1994

	Notes	1994	1993
		£	£
FIXED ASSETS			
Tangible assets	6	197,128	136,462
Investment	7	70,000	70,000
		267,128	206,462
CURRENT ASSETS			
Stocks and work in progress	8	1,874,583	905,944
Debtors	9	1,410,131	677,046
Cash at bank and in hand		1,509,828	711,400
		4,794,542	2,294,390
CREDITORS: amounts falling due within one year	10	(4,496,397)	(2,206,485)
Net current assets		298,145	87,905
Net assets		565,273	294,367
CAPITAL AND RESERVES			
Called up share capital	11	10,999	10,999
Share premium account		19,700	19,700
Profit and loss account	12	534,574	263,668
		565,273	294,367

The financial statements on pages 5 to 15 were approved by the Board on 17 August 1994.

DM Telling
Director



MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

CASH FLOW STATEMENT for the year ended 31 March 1994

	Notes	1994	1993
		£	£
Net cash inflow from operating activities	14	982,273	103,769
Returns on investments and servicing of finance			
Interest received		29,315	44,168
Interest element of finance lease and hire purchase rental payments		(133)	(745)
Interest paid		(419)	(20,335)
Dividends paid		(1,200)	-
Net cash inflow from returns on investments and servicing of finance		27,563	23,088
Tax paid		(92,890)	(60,157)
Investing activities			
Purchase of tangible fixed assets		(124,507)	(116,617)
Sale of tangible fixed assets		7,350	6,619
Interest in subsidiary undertaking		-	(10,000)
Net cash outflow from investing activities		(117,157)	(119,998)
Net cash inflow/(outflow) before financing		799,789	(53,298)
Financing			
Issue of ordinary share capital		-	50
Share premium		-	19,700
Capital element of finance lease and hire purchase rental payments	15	(1,361)	(7,643)
Loan repayment		-	(140,000)
Net cash outflow from financing		(1,361)	(127,893)
Increase/(decrease) in cash and cash equivalents	16	798,428	(181,191)

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 and contract work completed in the year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, 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 10 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.

Work in progress

Work in progress is stated at the lower of cost (including appropriate overheads) and net realisable value.

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.

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2	OPERATING PROFIT		
	is stated after charging/(crediting):	1994	1993
		£	£
	Depreciation: owned fixed assets	72,879	50,935
	Depreciation: assets under finance leases and hire		
	purchase contracts	-	5,447
	Operating lease rentals: land and buildings	55,250	54,788
	Auditors' remuneration: audit services	4,000	4,500
	Rent receivable	(6,837)	(20,216)
3	INTEREST		
	(1) Interest receivable		
	Bank interest receivable	23,661	43,362
	Other interest receivable	1,811	2,431
		25,472	45,793
	(2) Interest payable		
	On finance leases and hire purchase contracts		
	terminating within five years	133	744
	Loan notes and loan stock	-	11,862
	Other interest	419	970
		552	13,576
4	TAXATION		
	UK current year taxation		
	UK Corporation Tax at 33%	142,050	92,950
	Deferred tax	-	1,280
	Prior years		
	UK Corporation Tax	(218)	7
	Tax on profit on ordinary activities	141,832	94,237

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5	DIVIDENDS	1994 £	1993 £
	Ordinary:		
	Interim paid 12.0p (1993: Nil) per share	1,200	-
	Final proposed of 12.0p (1993: Nil) per share	1,200	-
		2,400	-

6 TANGIBLE FIXED ASSETS

(1) Summary	Office equipment £	Motor vehicles £	Plant and equipment £	Total £
Cost				
1 April 1993	78,074	182,723	1,065	261,862
Additions	18,723	116,625	109	135,457
Disposals	(3,350)	(19,966)	-	(23,316)
31 March 1994	93,447	279,382	1,174	374,003
Depreciation				
1 April 1993	36,953	88,039	408	125,400
Charge for the year	17,572	55,079	228	72,879
Disposals	(1,438)	(19,966)	-	(21,404)
31 March 1994	53,087	123,152	636	176,875
Net book value				
Owned assets	40,360	156,230	538	197,128
31 March 1994	40,360	156,230	538	197,128
Owned assets	41,121	83,126	657	124,904
Leased assets	-	11,558	-	11,558
31 March 1993	41,121	94,684	657	136,462

(2) Capital commitments

At 31 March 1994 the directors had authorised capital expenditure of Nil (1993: Nil).

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 INVESTMENT

The following investment in subsidiary undertakings exist at the year end:

	£1 Ordinary shares Number	Proportion of share capital held %
MITIE Maintenance (South East) Limited	30,000	75
MITIE Engineering Services (Swindon) Limited	40,000	100

MITIE Maintenance (South East) Limited provides maintenance services, whilst MITIE Engineering Services (Swindon) Limited was dormant throughout the period. Both companies are incorporated in England and Wales.

Consolidated financial statements for the group have not been prepared as this company is exempt under Section 228 of Companies Act 1985, being a wholly owned subsidiary of another company, registered in Scotland, which has prepared consolidated financial statements for the group.

8 WORK IN PROGRESS

	1994 £	1993 £
Work in progress	4,811,680	2,365,860
Payments on account	(2,937,097)	(1,459,916)
	1,874,583	905,944

9 DEBTORS

Trade debtors	1,165,703	534,637
Amounts owed by parent undertaking and fellow subsidiary undertakings	186,995	99,165
Other debtors	19,680	10,878
Prepayments and accrued income	34,153	32,366
Dividend receivable	3,600	-
	1,410,131	677,046

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10	CREDITORS: amounts falling due within one year	1994	1993
		£	£
	Trade creditors	4,021,052	1,988,208
	Obligations under finance leases and hire purchase contracts	-	1,361
	Amounts owed to parent undertaking and fellow subsidiary undertakings	28,191	24,762
	Corporation tax	141,892	92,950
	Other taxes and social security costs	261,953	34,268
	Other creditors	10,950	-
	Accruals and deferred income	28,173	15,273
	Payments on account	2,986	49,663
	Dividends	1,200	-
		4,496,397	2,206,485
11	CALLED UP SHARE CAPITAL		
	(1) Authorised	Number	£
	10p Ordinary shares	10,000	1,000
	£1 Non-voting preferred ordinary shares	10,000	10,000
	(2) Allotted and fully paid		
	10p Ordinary shares	10,000	1,000
	£1 Non-voting preferred ordinary shares	9,999	9,999
12	PROFIT AND LOSS ACCOUNT	£	
	1 April 1993	263,668	
	Retained profit for the year	270,906	
	31 March 1994	534,574	

MTIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit for the financial year	273,306	175,357
Dividends	(2,400)	-
Net addition to shareholders' funds	270,906	175,357
Opening shareholders' funds	294,367	119,010
Closing shareholders' funds	565,273	294,367

14 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating profit	386,618	237,377
Depreciation charges	72,879	56,382
(Profit)/loss on sale of tangible fixed assets	(5,438)	3,535
Increase in stocks and work in progress	(968,639)	(70,331)
Increase in debtors	(733,328)	(384,345)
Increase in creditors	2,230,181	261,151
Net cash inflow from operating activities	982,273	103,769

15 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

Finance leases and hire purchase contracts	£
1 April 1993	1,361
Capital element of finance lease and hire purchase rental payments	(1,361)
31 March 1994	-

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16	CASH AND CASH EQUIVALENTS	1994	1993
		£	£
	Balance of cash and cash equivalents		
	Cash at bank and in hand	1,509,828	711,400
	Change in the balance of cash and cash equivalents		
	1 April	711,400	892,591
	Net cash inflow/(outflow) for year	798,428	(181,191)
	31 March	1,509,828	711,400

17 FINANCIAL COMMITMENTS

(1) Operating leases

Land and buildings

At 31 March 1994 the company had annual commitments under non-cancellable operating leases as follows:

Expiry date:		
In over five years	55,250	55,250

(2) Commitments on behalf of group undertakings

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

18 DIRECTORS

(1) Emoluments

The emoluments of directors of the company were:

Fees and other emoluments (including pension contributions and benefits-in-kind)	211,903	181,949
--	---------	---------

MITIE ENGINEERING SERVICES (SOUTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 DIRECTORS *continued*

(2) Bandings

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

	1994 £	1993 £
The chairman	-	-
The highest-paid director	44,795	45,330

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

	Number	Number
£0 - £5,000	1	1
£30,001 - £35,000	1	-
£40,001 - £45,000	3	3

19 EMPLOYEES

(1) Number of employees

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

Administration and management	31	22
-------------------------------	----	----

(2) Employment costs

	£	£
Wages and salaries	691,618	497,349
Social security costs	71,606	50,125
Other pension costs	14,248	5,359
	777,472	552,833

20 ULTIMATE PARENT UNDERTAKING

The company is a subsidiary undertaking of MITIE Engineering Services Limited, a company registered in England and Wales, which owns 55% of the issued share capital. The ultimate parent undertaking is MITIE Group PLC, which is registered in Scotland. Copies of the MITIE Group PLC financial statements can be obtained from the company secretary at the registered office.