



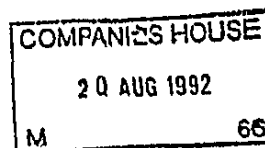
BDO Binder Hamlyn
Chartered Accountants

REGISTRAR

MITIE CLEANING (SOUTH WEST) LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the period ended
21 March 1992



Company Number 1000450



Ayr Bacup Belfast Birmingham Bristol Bury St Edmunds
Cardiff Croydon Edinburgh Enniskillen Glasgow Leeds
London Manchester Newbury Newcastle Newmarket
Norwich Nottingham Poole Rochdale St Albans Saltcoats
Stoke-on-Trent Stranraer Wolverhampton

DIRECTORS

D M Telling
R E Thornton (resigned 15 April 1991)
I R Stewart (appointed 15 April 1991)
D J L Evans (appointed 15 April 1991)
D J Robertson (appointed 1 December 1991)

SECRETARY

A F Waters

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Avon BS18 7SA

COMPANY NUMBER

1000450

AUDITORS

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

DIRECTORS' REPORT
for the period ended 21 March 1992**FINANCIAL STATEMENTS**

The directors present their report and financial statements for the period ended 21 March 1992. The company is a wholly-owned subsidiary undertaking of MITIE Cleaning Limited. The ultimate parent company is MITIE Group PLC, which is incorporated in Scotland.

The accounting reference date was changed to 16 March to enable the company to make up accounts to a date coinciding with the fifty-two week period used for management accounting purposes. These accounts have been made up to 21 March 1992, being a date not more than seven days after the accounting reference date as permitted by Section 227 Companies Act 1985.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £230,356. The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed	160,000
Transfer to reserves	70,356
	<u>230,356</u>

FIXED ASSETS

Details of movements in fixed assets during the period are set out in Note 5 to the financial statements.

MITIE CLEANING (SOUTH WEST) LIMITEDDIRECTORS' REPORT
for the period ended 21 March 1992 (continued)**DIRECTORS**

The directors during the period were as stated on page 1.

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

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

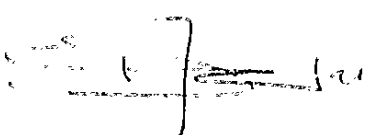
Other directors' interests in the share capital of MITIE Group PLC are as follows:

	21 March 1992 50p Ordinary shares Number	At date of appointment 50p Ordinary shares Number
D J L Evans	29,213	10,509

AUDITORS

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

This report was approved by the Board on 17 August 1992.


A F Waters
Secretary

AUDITORS' REPORT
to the members of MITIE Cleaning (South West) Limited

We have audited the financial statements on pages 5 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 21 March 1992 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Blander Hamlyn

Chartered Accountants
Registered Auditor

17 August 1992

PROFIT AND LOSS ACCOUNT
for the period ended 21 March 1992

	Notes	1992 £	1991 £
Turnover		5,794,053	-
Cost of sales		4,308,227	4,375
Gross profit/(loss)		1,485,826	(4,375)
Administrative expenses		1,032,414	-
Operating profit/(loss)	2	453,412	(4,375)
Interest payable	3	85,456	-
Profit/(loss) on ordinary activities before taxation		367,956	(4,375)
Tax on profit on ordinary activities	4	137,600	-
Profit/(loss) on ordinary activities after taxation		230,356	(4,375)
Dividends		160,000	-
Retained profit/(loss) for the period	11	70,356	(4,375)

REPLACEMENT SHEET
as at 21 March 1992

	Notes	1992	1991
		£	£
FIXED ASSETS			
Tangible assets	5	702,157	-
CURRENT ASSETS			
Debtors	6	1,258,696	-
Cash at bank and in hand		850	-
		<u>1,259,546</u>	-
CREDITORS: amounts falling due within one year	7	<u>1,813,378</u>	-
Net Current Liabilities		(553,832)	-
Total Assets less Current Liabilities		148,325	-
CREDITORS: amounts falling due after more than one year	8	46,369	-
PROVISIONS FOR LIABILITIES AND CHARGES	9	<u>31,600</u>	-
Net Assets		<u>70,356</u>	-
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Share premium		3,375	3,375
Profit and loss account	11	<u>65,981</u>	<u>(4,375)</u>
		<u>70,356</u>	-

The financial statements on pages 5 to 14 were approved by the Board on 17 August 1992.

I R Stewart
Director

MILLE CLEANING (SOUTH WEST) LIMITED

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CASH FLOW STATEMENT for the period ended 21 March 1992

	Notes	1992	1991
		£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	12	(128,453)	-
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(75,993)	-
Interest element of finance lease and hire purchase rental payments		(4,463)	-
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(80,456)	-
INVESTING ACTIVITIES			
Purchase/transfer of tangible fixed assets		(703,736)	-
Sale of tangible fixed assets		9,950	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(693,786)	-
NET CASH OUTFLOW BEFORE FINANCING		(902,705)	-
FINANCING			
Capital element of finance lease and hire purchase rental payments	13	(22,504)	-
NET CASH OUTFLOW FROM FINANCING		(22,504)	-
DECREASE IN CASH AND CASH EQUIVALENTS	14	(925,209)	-

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 March 1992

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 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 - 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.

Pension costs

Pension costs represent amounts recharged to the company by MITIE Group PLC in respect of contributions to the group's pension scheme. Details of the scheme are given in the financial statements of MITIE Group PLC.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Compliance with accounting standards

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

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 March 1992 (continued)

	1992 £
2. OPERATING PROFIT is stated after charging:	
Depreciation: owned fixed assets	108,656
Depreciation: assets under finance leases and hire purchase contracts	13,443
Operating lease rentals	
- land and buildings	26,656
- plant and equipment	54,263
Auditors' remuneration	3,000
	<hr/>
3. INTEREST PAYABLE	
On bank overdraft	80,993
On finance leases and hire purchase contracts terminating within five years	4,463
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	85,456
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4. TAXATION	
UK current year taxation	
UK Corporation Tax at 33%	106,000
Deferred tax	31,600
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Tax on profit on ordinary activities	137,600
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NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 March 1992 (continued)

5. TANGIBLE FIXED ASSETS

(a) Summary	Office equipment £	Plant and equipment £	Motor vehicles £	Total £
Cost				
Additions	6,557	116,473	384,788	507,818
Intra-group transfers	-	362,138	118,174	480,312
Disposals	-	-	(18,969)	(18,969)
21 March 1992	<u>6,557</u>	<u>478,611</u>	<u>483,993</u>	<u>969,161</u>
Depreciation				
Charge for the period	783	79,427	41,889	122,099
Intra-group transfers	-	123,323	33,689	157,012
Disposals	-	-	(12,107)	(12,107)
21 March 1992	<u>783</u>	<u>202,750</u>	<u>63,471</u>	<u>267,004</u>
Net book value				
Owned assets	5,774	275,861	249,927	531,562
Leased assets	-	-	170,595	170,595
21 March 1992	<u>5,774</u>	<u>275,861</u>	<u>420,522</u>	<u>702,157</u>

(b) Capital commitments

At 21 March 1992 the directors had authorised capital expenditure of £Nil.

6. DEBTORS

	1992 £
Trade debtors	1,126,552
Amounts owed by parent undertaking and fellow subsidiary undertakings	127,697
Prepayments and accrued income	4,447
	<u>1,258,696</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 March 1992 (continued)

	1992 £
7. CREDITORS: amounts falling due within one year	
Bank overdraft	926,059
Trade creditors	159,164
Obligations under finance leases and hire purchase contracts	58,509
Corporation tax	106,000
Other taxes and social security costs	155,048
Other creditors	215,881
Accruals and deferred income	32,717
Proposed dividends	160,000
	<u>1,813,378</u>

8. CREDITORS: amounts falling due after more than one year

Obligations under finance leases and hire purchase contracts	<u>46,369</u>
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9. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £
Transfer from profit and loss account	31,600
21 March 1992	<u>31,600</u>

Deferred tax provided in the financial statements, and the total potential tax liability including the amounts for which provision has been made, are as follows:

	Potential and Provided 1992 £
Accelerated capital allowances	33,250
Other timing differences	(1,650)
	<u>31,600</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 March 1992 (continued)

10. SHARE CAPITAL

Authorised and allotted share capital	Authorised		Allotted, called up and fully paid	
	1992 Number	1991 Number	1992 £	1991 £
£1 Ordinary	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

11. PROFIT AND LOSS ACCOUNT

	£
1 April 1991	(4,375)
Retained profit for the period	<u>70,356</u>
21 March 1992	<u>65,981</u>

12. RECONCILIATION OF OPERATING PROFIT TO NET
CASH OUTFLOW FROM OPERATING ACTIVITIES

	1992 £
Operating profit	453,412
Depreciation charges	122,099
Profit on sale of tangible fixed assets	(3,088)
Increase in debtors	(1,258,696)
Increase in creditors	<u>557,810</u>
Net cash outflow from operating activities	<u>(128,463)</u>

13. ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	Finance leases and hire purchase contracts £
Inception of finance leases and hire purchase contracts	127,382
Capital element of finance lease and hire purchase rental payments	<u>(22,504)</u>
21 March 1992	<u>104,878</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 March 1992 (continued)

14. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	Change £
Cash at bank and in hand	850
Bank overdrafts	(926,059)
	<u>(925,209)</u>

15. FINANCIAL COMMITMENTS

(a) Operating leases

At 21 March 1992 the company had annual commitments under non-cancellable operating leases as follows:

	1992 £
Land and buildings	
Expiry date:	
Between two and five years	8,000
In over five years	24,460
	<u>32,460</u>
Plant and equipment	
Expiry date:	
Within one year	34,058

(b) Commitments on behalf of group undertakings

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

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 March 1992 (continued)

16. DIRECTORS

(a) Emoluments

	1992 £
The emoluments of directors of the company were:	
Fees and other emoluments (including pension contributions and benefits-in-kind)	58,127

(b) Bandings

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

The chairman	-
The highest-paid director	55,590

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

	Number
£0 - £5,000	3

17. EMPLOYEES

(a) Number of employees

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

Site labour	1,550
Administration and management	34
	1,584

(b) Employment costs

	£
Wages and salaries	4,114,359
Social security costs	133,365
Other pension costs	11,625
	4,259,349

18. ULTIMATE PARENT COMPANY

The directors regard MITIE Group PLC, a company incorporated in Scotland, as the company's ultimate parent company.