



**MITIE CLEANING (SOUTH WEST) LIMITED**

**Report and Financial Statements**

**15 March 1997**

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





**REPORT AND FINANCIAL STATEMENTS 1997**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the accounts	8



**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
I R Stewart  
N R Goodman

**SECRETARIES**

A F Waters  
M O Thomas

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wroughton  
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 annual report and financial statements for the year ended 15 March 1997.

The financial statements have been made up to 15 March 1997, 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 £72,618 (1996: £209,249). The directors recommend that this be dealt with as follows:

	£
Ordinary dividends	
- Final proposed £36 per share	36,000
Transfer to reserves	36,618
	<hr/>
	72,618
	<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 AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
 I R Stewart  
 N R Goodman (appointed 8 October 1996)  
 D J Robertson (resigned 11 July 1997)  
 D J L Evans (resigned 7 October 1996)

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 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:

	15 March 1997 10p Ordinary shares Number	16 March 1996 25p Ordinary shares Number
D J Robertson	-	5,700
N R Goodman	584,575	244,500
D J L Evans	-	52,626

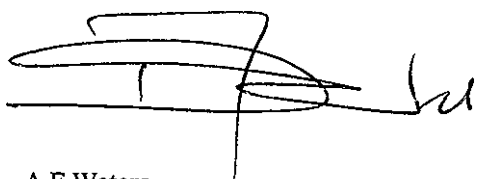
**PAYMENT POLICY**

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. As at 15 March 1997 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 57 days.

**AUDITORS**

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

14/8/97



## 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 (SOUTH WEST) 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 15 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

*18/8/97*

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

**PROFIT AND LOSS ACCOUNT**  
**Year ended 15 March 1997**

	Notes	Continuing operations 1997 £	1996 £
<b>TURNOVER</b>		13,078,028	12,906,645
Cost of sales		(10,388,107)	(10,162,881)
<b>GROSS PROFIT</b>		2,689,921	2,743,764
Administrative expenses		(2,466,550)	(2,325,293)
<b>OPERATING PROFIT</b>	2	223,371	418,471
Interest payable	3	(108,280)	(100,467)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		115,091	318,004
Tax on profit on ordinary activities	4	(42,473)	(108,755)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		72,618	209,249
Dividends	5	(36,000)	(104,000)
<b>RETAINED PROFIT FOR THE YEAR</b>	10	36,618	105,249

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**  
**15 March 1997**

	Notes	£	1997	£	£	1996	£
<b>FIXED ASSETS</b>							
Tangible assets	6		625,208			606,502	
<b>CURRENT ASSETS</b>							
Debtors	7	2,961,093		2,388,160			
Cash at bank and in hand		1,375		1,325			
		<u>2,962,468</u>		<u>2,389,485</u>			
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	<u>(2,825,559)</u>		<u>(2,270,488)</u>			
<b>NET CURRENT ASSETS</b>			136,909			118,997	
<b>NET ASSETS</b>			<u>762,117</u>			<u>725,499</u>	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	9		1,000			1,000	
Share premium			3,375			3,375	
Profit and loss account	10		757,742			721,124	
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			<u>762,117</u>			<u>725,499</u>	

These financial statements were approved by the Board of Directors on

14 August 1997

Signed on behalf of the Board of Directors



D M Telling  
 Director



**CASH FLOW STATEMENT**  
**Year ended 15 March 1997**

	Notes	1997		1996	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	12		217,195		805,210
<b>Returns on investments and servicing of finance</b>					
Interest paid			(69,817)		(100,467)
<b>Taxation</b>					
UK corporation tax paid			(117,473)		(247,504)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(276,485)		(255,306)	
Receipts from disposal of tangible fixed assets		22,516		14,945	
<b>Net cash outflow from capital expenditure</b>			(253,969)		(240,361)
<b>Equity dividends paid</b>			(104,000)		(300,981)
<b>Cash outflow before financing</b>			(328,064)		(84,103)
<b>Financing</b>					
Capital element of finance lease rental payments			-		(1,554)
<b>Decrease in cash in the year</b>	14		(328,064)		(85,657)



**NOTES TO THE ACCOUNTS**  
**Year ended 15 March 1997**

**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 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 15 March 1997**

<b>2. OPERATING PROFIT</b> is stated after charging/(crediting):	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Depreciation: owned fixed assets	247,916	241,490
Depreciation: assets under finance leases and hire purchase contracts	416	1,592
Operating lease rentals		
- land and buildings	77,882	71,566
- plant and equipment	223,877	217,545
Auditors' remuneration: audit services	3,000	3,000
Profit on disposal of fixed assets	(13,069)	(8,384)
	<hr/>	<hr/>
<b>3. INTEREST PAYABLE</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank interest on borrowings due within five years	108,280	100,058
On finance leases and hire purchase contracts terminating within five years	-	409
	<hr/>	<hr/>
	108,280	100,467
	<hr/>	<hr/>
<b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>UK current year taxation</b>		
UK corporation tax at 33% (1996: 33%)	43,500	118,500
<b>Prior years</b>		
UK corporation tax	(1,027)	(9,745)
	<hr/>	<hr/>
	42,473	108,755
	<hr/>	<hr/>
<b>5. DIVIDENDS</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Ordinary:		
Final proposed of £36 (1996: £104) per share	36,000	104,000
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**  
**Year ended 15 March 1997**

**6. TANGIBLE FIXED ASSETS**

**(1) Summary**

	Office equipment £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
16 March 1996	73,286	1,078,951	462,877	1,615,114
Additions	8,942	129,568	109,427	247,937
Group transfers	-	-	31,788	31,788
Disposals	(4,165)	-	(88,661)	(92,826)
<b>15 March 1997</b>	<b>78,063</b>	<b>1,208,519</b>	<b>515,431</b>	<b>1,802,013</b>
<b>Depreciation</b>				
16 March 1996	29,735	727,164	251,713	1,008,612
Charge for the year	13,497	144,214	90,621	248,332
Group transfers	-	-	3,240	3,240
Disposals	(602)	-	(82,777)	(83,379)
<b>15 March 1997</b>	<b>42,630</b>	<b>871,378</b>	<b>262,797</b>	<b>1,176,805</b>
<b>Net book value</b>				
Owned assets	35,433	337,141	252,634	625,208
<b>15 March 1997</b>	<b>35,433</b>	<b>337,141</b>	<b>252,634</b>	<b>625,208</b>
Owned assets	43,551	351,371	211,164	606,086
Leased assets	-	416	-	416
<b>16 March 1996</b>	<b>43,551</b>	<b>351,787</b>	<b>211,164</b>	<b>606,502</b>

**(2) Capital commitments**

At 15 March 1997 the directors had authorised capital expenditure of £262,000 (1996: £nil).

**7. DEBTORS**

	1997 £	1996 £
Trade debtors	2,211,487	2,002,522
Other debtors	1,425	2,639
Amounts owed by parent undertaking and fellow subsidiary undertakings	748,181	382,799
Prepayments and accrued income	-	200
	<b>2,961,093</b>	<b>2,388,160</b>

**NOTES TO THE ACCOUNTS**  
**Year ended 15 March 1997**

<b>8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank overdraft	863,446	535,332
Trade creditors	879,122	664,510
Amounts owed to parent undertaking and fellow subsidiary undertakings	20,376	12,725
Corporation tax	43,500	118,500
Other taxes and social security costs	834,122	780,791
Other creditors	8,910	2,381
Accruals and deferred income	140,083	52,249
Proposed dividend	36,000	104,000
	<u>2,825,559</u>	<u>2,270,488</u>
<b>9. CALLED UP SHARE CAPITAL</b>		
<b>(1) Authorised</b>	<b>Number</b>	<b>1997</b>
		<b>£</b>
£1 Ordinary shares	<u>1,000</u>	<u>1,000</u>
<b>(2) Allotted and fully paid</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
£1 Ordinary shares	<u>1,000</u>	<u>1,000</u>
<b>10. PROFIT AND LOSS ACCOUNT</b>		
	<b>£</b>	
16 March 1996	721,124	
Retained profit for the year	<u>36,618</u>	
15 March 1997	<u>757,742</u>	
<b>11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	72,618	209,249
Dividends	<u>(36,000)</u>	<u>(104,000)</u>
Net addition to shareholders' funds	36,618	105,249
Opening shareholders' funds	<u>725,499</u>	<u>620,250</u>
Closing shareholders' funds	<u>762,117</u>	<u>725,499</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 15 March 1997**

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

	1997 £	1996 £
Operating profit	223,371	418,471
Depreciation charges	248,332	243,082
Profit on disposal of tangible fixed assets	(13,069)	(8,384)
(Increase)/decrease in debtors	(572,933)	42,729
Increase in creditors	331,494	109,312
<b>Net cash inflow from operating activities</b>	<u>217,195</u>	<u>805,210</u>

**13. ANALYSIS OF CHANGES IN NET DEBT**

	At 16 March 1996 £	Cash flows £	At 15 March 1997 £
Cash at bank and in hand	1,325	50	1,375
Overdrafts	(535,332)	(328,114)	(863,446)
	<u>(534,007)</u>	<u>(328,064)</u>	<u>(862,071)</u>

**14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
 IN NET DEBT**

	1997 £	1996 £
Decrease in cash for the year	328,064	85,657
Net debt at 16 March	534,007	448,350
<b>Net debt at 15 March</b>	<u>862,071</u>	<u>534,007</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 15 March 1997**

**15. FINANCIAL COMMITMENTS**

**(1) Operating leases**

At 15 March 1997 the company had annual commitments under non-cancellable operating leases as follows:

	<b>1997</b>		<b>1996</b>	
	<b>Land and buildings £</b>	<b>Other £</b>	<b>Land and buildings £</b>	<b>Other £</b>
Expiry date - within one year	9,000	132,930	-	85,855
- between two and five years	-	107,470	-	124,534
- in over five years	63,873	-	63,900	-
	<u>72,873</u>	<u>240,400</u>	<u>63,900</u>	<u>210,389</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.

**16. DIRECTORS**

**(1) Emoluments**

	<b>1997 £</b>	<b>1996 £</b>
The emoluments of the directors of the company were:		
Fees and other emoluments (including pension contributions and benefits in kind)	<u>53,331</u>	<u>70,098</u>

**(2) Bandings**

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

Chairman	-	-
Highest paid director	<u>49,177</u>	<u>65,748</u>

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

	<b>Number</b>	<b>Number</b>
£0 - £5,000	<u>3</u>	<u>2</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 15 March 1997**

**17. EMPLOYEES**

**(1) Number of employees**

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

	<b>1997 Number</b>	<b>1996 Number</b>
Site labour	3,140	3,173
Administration and management	51	49
	<u>3,191</u>	<u>3,222</u>

**(2) Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	9,826,347	9,653,834
Social security costs	332,884	324,767
Other pension costs	33,260	36,236
	<u>10,192,491</u>	<u>10,014,837</u>

**18. 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.

As a wholly owned subsidiary of MITIE Group PLC, MITIE Cleaning (South West) Limited, has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.