

GORDON KNIGHT SERVICES LIMITED

1000450

DIRECTORS REPORT

Directors D M Telling - Chairman
R E Thornton

Secretary A F Waters

Registered Office: The Estate Office, The Stable Block, Barley Wood
Wrington, Avon, BS18 7SA

REPORT OF THE DIRECTORS

The Directors submit their annual report and accounts for the thirteen months ended 31 March 1988.

REVIEW OF ACTIVITIES

The principal activity of the company during the period was the supply of cleaning services for office and commercial premises.

On 29 May 1987 the total issued share capital was acquired by MITIE Cleaning & Maintenance Services Ltd, a company incorporated in England.

On 1 April 1988 the assets and the trade, under the name of Knight & Company, was transferred to the parent company, MITIE Cleaning & Maintenance Services Ltd, who will continue to provide and expand the business throughout the whole of the United Kingdom.

RESULTS AND DIVIDEND

The profit for the period after taxation was £1,578
It is not proposed to pay a dividend in respect of the period.

DIRECTORATE

Mr D M Telling and Mrs R E Thornton were appointed directors on 29 May 1987.
Mr R T G Warren resigned as a director on 20 August 1987.

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

	<u>31 March 1988</u>	<u>28 February 1987</u>
R T G Warren	-	900
D M Telling	-	
R E Thornton	-	

TAXATION STATUS

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.



GORDON KNIGHT SERVICES LIMITED

DIRECTORS REPORT continued

AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as auditors and a resolution proposing their appointment will be put to the members at the annual general meeting.

BY ORDER OF THE BOARD

A. F. Waters

Secretary

8 FEBRUARY 1989



Ernst & Whinney
Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS OF GORDON KNIGHT SERVICES LIMITED

We have audited the accounts set out on pages 4 to 11 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 1988 and of the profit and source and application of funds for the period then ended and comply with the Companies Act 1985.

Ernst & Whinney

Bristol

8 February 1989

GORDON KNIGHT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 1988

	Note	1988 £	Year to 28.2.87 £
TURNOVER	2	2,199,528	1,408,247
Cost of Sales		1,633,099	1,131,719
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GROSS PROFIT		566,429	276,528
Administrative expenses		483,534	268,224
		<hr/>	<hr/>
NET OPERATING PROFIT	3	82,895	8,304
Other income	6	43,712	33,211
Interest payable & similar charges	7	(14,380)	(2,915)
Exceptional items	8	(112,579)	(8,616)
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(LOSS)/PROFIT BEFORE TAXATION		(352)	29,984
Tax on profit on ordinary activities	9	1,930	(11,406)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD		£1,578	£18,578
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STATEMENT OF RETAINED PROFITS		£	£
Balance at 28 February 1987		169,898	151,320
Retained profit for the period		1,578	18,578
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Balance at 31 March 1988		£171,476	£169,898
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GORDON KNIGHT SERVICES LIMITED

BALANCE SHEET FOR THE PERIOD ENDED 31 MARCH 1988

	Note	1988 £	Year to 28.2.1987 £
FIXED ASSETS			
Tangible assets	10	145,949	126,358
CURRENT ASSETS			
Stocks	12	-	6,186
Debtors	13	396,215	175,581
Investments	11	-	998
Cash at bank and in hand		27,362	54,943
		423,577	237,708
CREDITORS - amounts falling due within one year	14	377,824	170,640
NET CURRENT ASSETS		45,753	67,068
TOTAL ASSETS LESS CURRENT LIABILITIES		191,702	193,426
PROVISION FOR LIABILITIES AND CHARGES	15	(2,952)	(6,254)
		£188,750	£187,172
CAPITAL AND RESERVES			
Called-up share capital	17	1,000	1,000
Share premium		3,375	3,375
Profit and loss account		171,476	169,898
Surplus on investment in subsidiary company	18	12,899	12,899
		£188,750	£187,172

Approved by the Board of Directors

.....
D M Telling

.....
R E Thornton

Directors

Date ... 8 FEBRUARY 1989 ...

GORDON KNIGHT SERVICES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE PERIOD ENDED 31 MARCH 1988

	1988 £	Year to 28.2.1987 £
SOURCES OF FUNDS		
FROM OPERATIONS		
(Loss)/Profit before taxation	(352)	29,984
Items not involving the movement of funds:		
Depreciation	62,178	42,588
(Profit)/Loss on sale of fixed assets	(9,039)	-
Profit on sale of investments	(42)	-
	<u>52,745</u>	<u>72,572</u>
Total generated from operations		
OTHER SOURCES		
Disposal of fixed assets	57,920	-
Sale of Investments	1,040	101
	<u>111,705</u>	<u>72,673</u>
FUNDS APPLIED		
Purchase of fixed assets	130,650	36,874
Taxation paid	22,120	5,504
	<u>152,770</u>	<u>42,378</u>
(DECREASE)/INCREASE IN WORKING CAPITAL	<u>£(41,065)</u>	<u>£30,295</u>
Arising from movements in:		
Stocks	(6,186)	2,336
Debtors	220,634	(17,272)
Trade and other creditors	(110,191)	8,367
	<u>104,257</u>	<u>(6,549)</u>
Net liquid funds	<u>(145,322)</u>	<u>36,864</u>
	<u>£(41,065)</u>	<u>£30,295</u>

GORDON KNIGHT SERVICES LIMITED

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 1988

1. ACCOUNTING POLICIES

(a) The accounts have been prepared under the historical cost convention.

(b) Depreciation of fixed assets

The provision for depreciation is calculated on the cost of fixed assets in order to write these off over the estimated useful lives by equal quarterly instalments as follows:

	Over the lease term
Short lease property	20% p.a
Machinery	25% p.a
Motor vehicles	20% p.a
Office equipment	20% p.a
Computer	20% p.a

(c) Stock

Stock is valued at the lower of cost and net realisable value.

(d) Deferred taxation

Provision is made for deferred taxation, using the liability method, on material timing differences which are not expected to continue for at least three years.

(e) Consolidated accounts have not been prepared as the subsidiary company is dormant.

2. TURNOVER

Turnover comprises the invoiced value of services supplied by the company exclusive of VAT.

3. NET OPERATING PROFIT is stated after charging:

	1988	Year to
	£	28.2.1987
	£	£
Depreciation of tangible fixed assets	50,206	42,588
Hire of plant and equipment	44,092	13,013
Auditors remuneration	3,900	2,150
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GORDON KNIGHT SERVICES LIMITED

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 1988

	1988 £	Year to 28.2.1987 £
4. STAFF COSTS		
Wages and salaries	1,630,245	1,157,071
Social security costs	34,416	15,689
Other pension costs	719	824
	<u>1,665,380</u>	<u>1,173,584</u>
This includes remuneration excluding pension contributions paid to the director of the company of £12,487 (1987 - £33,160).		
5. EMOLUMENTS OF DIRECTORS		
Remuneration, excluding pension contributions	12,487	33,160
The Chairman	NIL)	
Highest paid director	12,487)	33,160
Other director	NIL	-
6. OTHER INCOME		
Rents receivable	17,410	15,043
Income from investments	15	15
Other interest receivable and similar income	26,287	18,153
	<u>43,712</u>	<u>33,211</u>
7. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank overdraft	14,380	2,915
	<u>14,380</u>	<u>2,915</u>
8. EXCEPTIONAL ITEMS		
Reorganisation costs	60,000	-
Compensation for former director	50,000	-
Backlog Depreciation on change of basis	1,744	-
Exceptional Depreciation on computer	8,015	-
(Profit)/Loss on Boat charter operation	(7,180)	8,616
	<u>112,579</u>	<u>8,616</u>

GORDON KNIGHT SERVICES LIMITED

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 1988

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The (charge)/release based on profit for the period comprises:

	1988 £	Year to 28.2.1987 £
UK Corporation tax - current at 28.85% (29.08%)	(2,000)	(22,872)
- relating to previous years	628	178
Transfer from deferred taxation	3,302	11,288
	<u>1,930</u>	<u>(11,406)</u>

10. TANGIBLE FIXED ASSETS

	Short Lease -hold £	Mach- inery £	Motor Vhcles £	Comp- uter £	Office Equip- ment £	Boats £	Total £
COST							
At 28.2.87	1,250	92,324	69,196	13,710	12,933	71,801	261,214
Additions	-	109,866	18,416	-	2,368	-	130,650
Disposals	-	(21,002)	(52,021)	-	(1,708)	(71,801)	(146,532)
At 31.3.88	<u>1,250</u>	<u>181,188</u>	<u>35,591</u>	<u>13,710</u>	<u>13,593</u>	<u>-</u>	<u>245,332</u>
DEPRECIATION							
At 28.2.87	192	45,819	36,938	2,742	7,329	41,836	134,856
Charge for period 69	-	34,013	10,859	10,968	4,060	2,209	62,178
Disposals	-	(21,002)	(30,896)	-	(1,708)	(44,045)	(97,651)
At 31.3.88	<u>261</u>	<u>58,830</u>	<u>16,901</u>	<u>13,710</u>	<u>9,681</u>	<u>-</u>	<u>99,383</u>
NET BOOK VALUE							
At 31.3.88	<u>989</u>	<u>122,358</u>	<u>18,690</u>	<u>-</u>	<u>3,912</u>	<u>-</u>	<u>145,949</u>
At 28.2.87	<u>1,058</u>	<u>46,505</u>	<u>32,258</u>	<u>10,968</u>	<u>5,604</u>	<u>29,965</u>	<u>126,358</u>

11. INVESTMENTS

	1988 £	Year to 28.2.1987 £
Listed in UK at cost	-	998

Market value at 28 February 1987 was £1,165.

WINDOM KNIGHT SERVICES LIMITED

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 1988

12. STOCKS	1988 £	Year to 28.2.1987 £
Raw materials	—	6,186

In the opinion of the directors the replacement cost of stocks does not materially differ from the balance sheet amount.

13. DEBTORS		
Trade debtors	382,476	159,089
Other debtors	5,758	12,439
Prepayments and accrued income	7,981	4,053
	<u>396,215</u>	<u>175,581</u>

14. CREDITORS - amounts falling due within one year:		
Bank overdraft	147,945	30,204
Trade creditors	55,531	18,713
Corporation tax	2,000	22,748
Other taxes and social security	47,171	55,713
Hire Purchase	—	2,000
Other creditors	83,049	26,302
Accruals	17,197	14,960
Amount due to parent company	24,931	—
	<u>377,824</u>	<u>170,640</u>

The bank overdraft is secured by a fixed charge on all book debts and a floating charge on all assets of the company.

15. PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation - brought forward	6,254	17,542
- transferred to taxation	(3,302)	(11,288)
- carried forward	<u>2,952</u>	<u>6,254</u>

16. DEFERRED TAXATION

Deferred taxation is in respect of fixed asset timing differences amounting to £2,952.

GORDON KNIGHT SERVICES LIMITED

NOTES ON THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 1988

17. CALLED UP SHARE CAPITAL

	Authorised		Allotted	
	1988	1987	1988	1987
Ordinary shares of £1 each	£1,000	£1,000	1,000	1,000

18. SUBSIDIARY COMPANY - surplus	1988	Year to 28.2.87
	£	£
Knight & Company (Stationers) Ltd (100% owned)	3,320	3,320
Less current account balance owing	16,219	16,219
	<u>12,899</u>	<u>12,899</u>

The subsidiary has no other debtors or creditors, so that the capital and undistributed profits of £16,219 would be available to the parent company, subject to costs, on liquidation.

19. EMPLOYEES

The average number of employees in the period was 1,435 (1987 - 925).

20. FINANCIAL COMMITMENTS

At 31 March 1988 the company had not authorised any capital expenditure (1987 £Nil).

The annual commitments under non-cancellable operating leases was as follows:

	Motor Vehicles	
	1988	Year to 28.2.1987
	£	£
Leases expiring:		
Within one year	12,102	7,047
Within two to five years	55,534	2,535
	<u>67,636</u>	<u>9,582</u>

21. SUBSEQUENT EVENTS

On 1 April 1988 the assets and trade were transferred to the parent company, MITIE Cleaning & Maintenance Services Ltd