

Company Number 1006742

**Deloitte
& Touche**

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

Report and Financial Statements

31 March 2001



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

REPORT AND FINANCIAL STATEMENTS 2001

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
C S Acheson
J F Davis
D Freeman
C W F Hennys
T G Lewis
K Loveridge
C S Townsend
P B C Williams

SECRETARIES

A F Waters
M O Thomas (resigned 4 May 2000)
C K Ross (appointed 4 May 2000)

REGISTERED OFFICE

The Stable Block
Barley Wood
Wrington
Bristol
BS40 5SA

BANKERS

HSBC 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 audited financial statements for the year ended 31 March 2001.

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 and to 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 has developed satisfactorily and the directors consider that the company is in a good position to continue that development.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £425,308 (2000: £617,083). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends:	
- Final proposed of £3,212.12 per share	212,000
Transfer to reserves	213,308
	<hr/>
	425,308
	<hr/>

DIRECTORS' REPORT (continued)**DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling
 C S Acheson
 J F Davis
 C W F Hennys
 T G Lewis
 K Loveridge
 C S Townsend
 P B C Williams
 D Freeman (appointed 27 March 2001)

No director had an interest in the share capital of the company.

Mr D M Telling is a director of MITIE Group PLC, the parent undertaking, and his interest 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:

	At 31 March 2001 5p Ordinary shares No.	At 1 April 2000 or at date of appointment 5p Ordinary shares No.
C S Acheson	714,750	814,750
J F Davis	287,000	291,000
D Freeman	939,640	1,027,640
C W F Hennys	273,250	273,250
T G Lewis	2,500,530	2,500,530
K Loveridge	12,400	14,400
C S Townsend	263,999	312,324
P B C Williams	38,400	60,400

Share Options

	At 1 April 2000	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2001
C W F Hennys (i)	5,476	-	-	2001	-	-	-	5,476
	2,944	-	-	2002	-	-	-	2,944
	1,191	-	-	2004	-	-	-	1,191
	-	2,025	£3.00	2005	-	-	-	2,025
K Loveridge (i)	5,476	-	-	2001	-	-	-	5,476
	1,191	-	-	2004	-	-	-	1,191
	-	787	£3.00	2005	-	-	-	787
(ii)	9,000	-	-	2002	2006	-	-	9,000
	-	3,500	£3.475	2003	2007	-	-	3,500

DIRECTORS' REPORT (continued)**DIRECTORS AND THEIR INTERESTS (continued)****Share Options (continued)**

		At 1 April 2000	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2001
C S Townsend	(i)	3,284	-	-	2001	-	-	-	3,284
		1,191	-	-	2004	-	-	-	1,191
		-	495	£3.00	2005	-	-	-	495
P B C Williams	(i)	-	1,485	£3.00	2005	-	-	-	1,485
	(ii)	15,000	-	-	2002	2006	-	-	15,000

(i) Options under the Savings Related Option Scheme

(ii) Options under the Executive Share Option Scheme

Further details of the MITIE Group PLC Share Schemes are given in the accounts of that company.

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 31 March 2001 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 74 (2000: 43) days.

In the industry in which the company operates credit periods are frequently extended by agreement. The company's creditor days are a reflection of this custom.

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



C K Ross
Secretary

20 August 2001

AUDITORS' REPORT TO THE MEMBERS OF

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

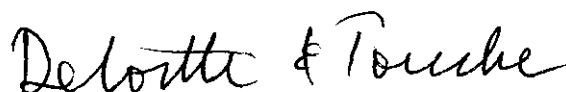
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

20 August 2001

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2001

	Notes	Continuing operations	
		2001	2000
		£	£
TURNOVER	1	15,149,920	17,266,409
Cost of sales		(12,769,864)	(14,871,768)
GROSS PROFIT		2,380,056	2,394,641
Administrative expenses		(1,780,401)	(1,572,854)
OPERATING PROFIT	2	599,655	821,787
Interest receivable	3	40,523	67,018
Interest payable	3	-	(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		640,178	888,803
Tax on profit on ordinary activities	4	(214,870)	(271,720)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		425,308	617,083
Dividends	5	(212,000)	(308,000)
RETAINED PROFIT FOR THE YEAR	11	213,308	309,083

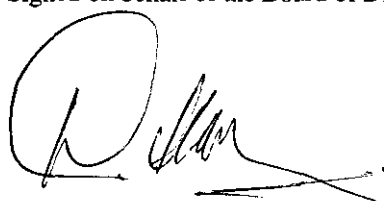
There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
At 31 March 2001

	Notes	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	6	222,617	245,220
CURRENT ASSETS			
Work in progress	7	1,119,330	551,078
Debtors	8	2,618,997	2,379,762
Cash at bank and in hand		858,994	988,831
		<u>4,597,321</u>	<u>3,919,671</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(3,389,876)</u>	<u>(2,948,137)</u>
NET CURRENT ASSETS		<u>1,207,445</u>	<u>971,534</u>
NET ASSETS		<u>1,430,062</u>	<u>1,216,754</u>
CAPITAL AND RESERVES			
Called up share capital	10	66	66
Profit and loss account	11	1,429,996	1,216,688
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	<u>1,430,062</u>	<u>1,216,754</u>

These financial statements were approved by the Board of Directors on 20 August 2001.

Signed on behalf of the Board of Directors



D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 2001

	Notes	2001		2000	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	13		474,791		(29,400)
Returns on investments and servicing of finance					
Interest received		41,566		66,518	
Interest paid		-		(2)	
Net cash inflow from returns on investments and servicing of finance			41,566		66,516
Taxation					
UK corporation tax paid			(261,724)		(250,616)
Capital expenditure					
Payments to acquire tangible fixed assets		(89,070)		(120,513)	
Receipts from sales of tangible fixed assets		12,600		9,385	
Net cash outflow from capital expenditure			(76,470)		(111,128)
Equity dividends paid			(308,000)		(208,000)
Decrease in cash in the year	15		(129,837)		(532,628)

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied and contract work completed in the year. All turnover arises within the United Kingdom, from the company's principal activity.

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 10 years
Motor vehicles	4 years

Leasing and hire purchase commitments

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. Provision is made for foreseeable losses.

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.

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

2. OPERATING PROFIT is stated after charging/(crediting):	2001	2000
	£	£
Depreciation	106,533	87,367
Operating lease rentals - land and buildings	64,625	55,406
Auditors' remuneration - audit services	4,000	4,000
Profit on disposal of tangible fixed assets	(1,227)	(8,448)
	<u> </u>	<u> </u>
3. INTEREST	2001	2000
	£	£
Interest receivable		
Bank interest	40,523	67,018
	<u> </u>	<u> </u>
Interest payable	£	£
Interest to suppliers and subcontractors	-	2
	<u> </u>	<u> </u>
4. TAX ON PROFIT ON ORDINARY ACTIVITIES	2001	2000
	£	£
UK current year taxation		
UK corporation tax at 30% (2000: 30%)	214,910	272,100
Prior years		
UK corporation tax	(40)	(380)
	<u> </u>	<u> </u>
	214,870	271,720
	<u> </u>	<u> </u>
5. DIVIDENDS	2001	2000
	£	£
Ordinary:		
Final proposed of £3,212.12 (2000: £4,666.66) per share	212,000	308,000
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

6. TANGIBLE FIXED ASSETS

Summary	Plant £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2000	4,620	137,426	313,655	455,701
Additions	-	13,549	71,958	85,507
Disposals	-	-	(41,345)	(41,345)
Transfers in	-	-	21,467	21,467
At 31 March 2001	4,620	150,975	365,735	521,330
Depreciation				
At 1 April 2000	294	68,277	141,910	210,481
Charge for the year	924	21,715	83,894	106,533
Disposals	-	-	(29,972)	(29,972)
Transfers in	-	-	11,671	11,671
At 31 March 2001	1,218	89,992	207,503	298,713
Net book value				
At 31 March 2001	3,402	60,983	158,232	222,617
At 31 March 2000	4,326	69,149	171,745	245,220

Capital commitments

At 31 March 2001 the directors had authorised capital expenditure of nil (2000: nil).

7. WORK IN PROGRESS

	2001 £	2000 £
Work in progress	2,120,394	3,373,656
Cash received on account	(1,001,064)	(2,822,578)
	<u>1,119,330</u>	<u>551,078</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

8. DEBTORS	2001	2000
	£	£
Trade debtors	2,378,464	2,109,270
Amounts owed by group undertakings	218,667	243,928
Other debtors	3,478	10,256
Prepayments and accrued income	18,388	16,308
	<u>2,618,997</u>	<u>2,379,762</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2001	2000
	£	£
Trade creditors	2,549,437	2,071,595
Amounts owed to group undertakings	42,143	91,396
Corporation tax	158,750	205,604
Other taxes and social security costs	343,266	205,368
Other creditors	40,493	39,627
Accruals and deferred income	43,787	26,547
Proposed dividends	212,000	308,000
	<u>3,389,876</u>	<u>2,948,137</u>

10. CALLED UP SHARE CAPITAL	2001 and 2000	
	No.	£
Authorised		
£1 Ordinary shares	100	100
	<u>100</u>	<u>100</u>
	No.	£
Allotted and fully paid		
£1 Ordinary shares	66	66
	<u>66</u>	<u>66</u>

11. PROFIT AND LOSS ACCOUNT	£
At 1 April 2000	1,216,688
Retained profit for the year	213,308
	<u>1,429,996</u>
At 31 March 2001	

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

12.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2001	2000
		£	£
	Profit for the financial year	425,308	617,083
	Proposed dividend	(212,000)	(308,000)
	Net addition to shareholders' funds	213,308	309,083
	Opening shareholders' funds	1,216,754	907,671
	Closing shareholders' funds	1,430,062	1,216,754
13.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	2001	2000
		£	£
	Operating profit	599,655	821,787
	Depreciation charges	106,533	87,367
	Profit on disposal of tangible fixed assets	(1,227)	(8,448)
	(Increase)/decrease in work in progress	(562,191)	785,100
	Increase in debtors	(240,278)	(1,525,986)
	Increase/(decrease) in creditors	572,299	(189,220)
	Net cash inflow/(outflow) from operating activities	474,791	(29,400)
14.	ANALYSIS OF CHANGES IN NET FUNDS	At 1 April	At 31 March
		2000	2001
		£	£
	Cash at bank and in hand	988,831	858,994
15.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2001	2000
		£	£
	(Decrease) in cash in the year	(129,837)	(532,628)
	Net funds at beginning of year	988,831	1,521,459
	Net funds at end of year	858,994	988,831

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

16. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2001 the company had no annual commitments under non-cancellable operating leases (2000: nil).

Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts. As at 31 March 2001, the overall commitment was nil (2000: nil).

17. DIRECTORS

	2001 £	2000 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	368,978	341,518

Messrs C S Acheson and C S Townsend are remunerated by MITIE Group PLC and Mr D Freeman is remunerated by MITIE Engineering Services (South West) Limited for their services as a whole. It is not practicable to allocate their remuneration between their services as directors of MITIE Engineering Services (Bristol) Limited and their services as directors of other group companies.

Fees and emoluments disclosed above (excluding pension contributions) include amounts paid to:	£	£
The highest paid director	81,789	81,325
Pension contributions to defined contribution scheme	4,876	4,950

	No.	No.
The number of directors who were members of:		
- a defined benefit pension scheme	6	4
- a defined contribution pension scheme	2	4
	£	£
Contributions paid to defined contribution pension scheme	4,876	7,848

Mr D M Telling is a director of MITIE Group PLC and his pension details are disclosed in the group accounts.

None of the directors exercised options in the shares of the ultimate holding company, MITIE Group PLC, during the year (2000: nil).

NOTES TO THE ACCOUNTS
Year ended 31 March 2001**18. EMPLOYEES****Number of employees**

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

	2001 No.	2000 No.
Site labour	49	43
Administration and management	34	31
	<u>83</u>	<u>74</u>
Employment costs	£	£
Wages and salaries	2,054,740	1,580,178
Social security costs	200,272	152,326
Other pension costs	73,354	77,187
	<u>2,328,366</u>	<u>1,809,691</u>

19. RELATED PARTY TRANSACTIONS

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

20. PARENT UNDERTAKING AND CONTROLLING PARTY

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