



MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

Report and Financial Statements

31 March 1997

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





REPORT AND FINANCIAL STATEMENTS 1997

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REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
W E Harding
J F Davis
W C F Hennys
T G Lewis
C S Townsend
P B C Williams
C S Acheson
P T Spellissy

SECRETARIES

A F Waters
M O Thomas

REGISTERED OFFICE

The Stable Block
Barley Wood
Wrington
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 31 March 1997.

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. 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 AND DIVIDENDS

The profit for the year after taxation amounted to £547,159 (1996: £501,078). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed of £4,136 per share	273,000
Transferred to reserves	274,159
	<hr/> 547,159 <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:

W E Harding
 D M Telling
 J F Davis
 W C F Hennys
 T G Lewis
 C S Townsend
 P B C Williams
 C S Acheson (appointed 1 June 1996)
 P T Spellissy (appointed 1 June 1996)

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

Messrs W E Harding and D M Telling 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:

	31 March 1997 10p Ordinary shares Number	1 April 1996 25p Ordinary shares Number
J F Davis	157,500	63,000
W C F Hennys	150,775	63,910
T G Lewis	1,261,915	564,766
C S Townsend	218,662	94,965
P B C Williams	29,250	11,700
C S Acheson	588,150	235,260
P T Spellissy	24,250	9,700

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 1997 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 67 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.

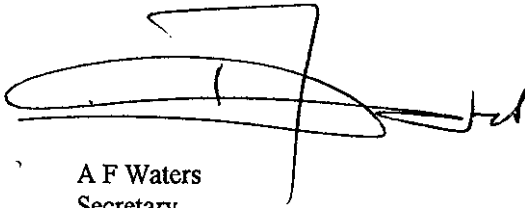


DIRECTORS' REPORT (continued)

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

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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. 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 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 31 March 1997

	Notes	Continuing operations 1997 £	1996 £
TURNOVER		13,047,733	9,192,498
Cost of sales		(11,027,109)	(7,381,438)
GROSS PROFIT		2,020,624	1,811,060
Administrative expenses		(1,272,259)	(1,170,763)
OPERATING PROFIT	2	748,365	640,297
Interest receivable	3	78,924	107,771
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		827,289	748,068
Tax on profit on ordinary activities	4	(280,130)	(246,990)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		547,159	501,078
Dividends	5	(273,000)	(250,000)
RETAINED PROFIT FOR THE YEAR	11	274,159	251,078

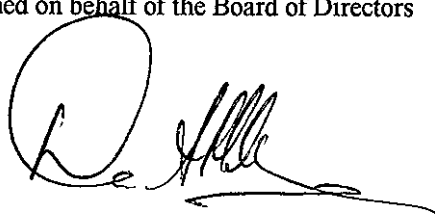
There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
31 March 1997

	Notes	£	1997	£	1996	£
FIXED ASSETS						
Tangible assets	6		103,575		140,646	
CURRENT ASSETS						
Work in progress	7	1,156,290		962,907		
Debtors	8	678,125		508,704		
Cash at bank and in hand		1,851,712		1,791,099		
		<u>3,686,127</u>		<u>3,262,710</u>		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(2,830,739)		(2,718,552)		
NET CURRENT ASSETS			<u>855,388</u>		<u>544,158</u>	
NET ASSETS			<u>958,963</u>		<u>684,804</u>	
CAPITAL AND RESERVES						
Called up share capital	10		66		66	
Profit and loss account	11		958,897		684,738	
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>958,963</u>		<u>684,804</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 31 March 1997

	Notes	1997		1996	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	13		490,324		(228,237)
Returns on investments and servicing of finance					
Interest received			85,224		110,070
Taxation					
UK corporation tax paid			(247,130)		(150,390)
Capital expenditure					
Payments to acquire tangible fixed assets		(22,390)		(63,912)	
Receipts from sales of tangible fixed assets		4,585		11,350	
Net cash outflow from capital expenditure			(17,805)		(52,562)
Equity dividends paid			(250,000)		(391,000)
Increase/(decrease) in cash in the year	14		60,613		(712,119)



NOTES TO THE ACCOUNTS
Year ended 31 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 and contract work completed in the year.

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

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. 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.

Compliance with accounting standards

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

NOTES TO THE ACCOUNTS
Year ended 31 March 1997

2. OPERATING PROFIT is stated after charging/(crediting):	1997	1996
	£	£
Depreciation	57,454	57,331
Operating lease rentals: land and buildings	52,500	52,500
Auditors' remuneration: audit services	7,500	7,500
Profit on disposal of tangible fixed assets	(2,578)	(6,679)
	<hr/>	<hr/>
3. INTEREST RECEIVABLE	1997	1996
	£	£
Bank interest receivable	78,924	107,771
	<hr/>	<hr/>
4. TAX ON PROFIT ON ORDINARY ACTIVITIES	1997	1996
	£	£
UK current year taxation		
UK corporation tax at 33% (1996: 33%)	280,000	247,000
Prior years		
UK corporation tax	130	(10)
	<hr/>	<hr/>
	280,130	246,990
	<hr/>	<hr/>
5. DIVIDENDS	1997	1996
	£	£
Ordinary:		
Final proposed of £4,136.36 (1996: £3,787.88) per share	273,000	250,000
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 March 1997

6. TANGIBLE FIXED ASSETS

(1) Summary

	Plant	Office	Motor	Total
	£	equipment	vehicles	£
		£	£	
Cost				
1 April 1996	10,319	59,071	219,280	288,670
Additions	-	-	22,390	22,390
Disposals	-	-	(17,456)	(17,456)
31 March 1997	10,319	59,071	224,214	293,604
Depreciation				
1 April 1996	9,396	37,094	101,534	148,024
Charge for the year	888	7,183	49,383	57,454
Disposals	-	-	(15,449)	(15,449)
31 March 1997	10,284	44,277	135,468	190,029
Net book value				
31 March 1997	35	14,794	88,746	103,575
31 March 1996	923	21,977	117,746	140,646

(2) Capital commitments

At 31 March 1997 the directors had authorised capital expenditure of £35,000 (1996: £45,000).

7. WORK IN PROGRESS

	1997	1996
	£	£
Work in progress	3,302,695	7,466,088
Payments on account	(2,146,405)	(6,503,181)
	1,156,290	962,907

8. DEBTORS

	1997	1996
	£	£
Trade debtors	441,732	271,312
Amounts owed by parent undertaking and fellow subsidiary undertakings	222,618	205,598
Other debtors	650	12,494
Prepayments and accrued income	13,125	19,300
	678,125	508,704

NOTES TO THE ACCOUNTS
Year ended 31 March 1997

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997	1996
	£	£
Trade creditors	2,007,752	1,693,227
Amounts owed to parent undertaking and fellow subsidiary undertakings	16,274	3,340
Other creditors	4,841	38,893
Other taxes and social security costs	161,673	130,682
Accruals and deferred income	15,500	17,000
Payments on account	71,699	338,410
Corporation tax	280,000	247,000
Proposed dividends	273,000	250,000
	<u>2,830,739</u>	<u>2,718,552</u>
10. CALLED UP SHARE CAPITAL		
(1) Authorised	Number	1997
		£
£1 Ordinary shares	100	100
	<u> </u>	<u> </u>
(2) Allotted and fully paid	1997	1996
	£	£
£1 Ordinary shares	66	66
	<u> </u>	<u> </u>
11. PROFIT AND LOSS ACCOUNT		
	£	
1 April 1996	684,738	
Retained profit for the year	274,159	
	<u> </u>	
31 March 1997	958,897	
	<u> </u>	
12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1997	1996
	£	£
Profit for the financial year	547,159	501,078
Dividends	(273,000)	(250,000)
	<u> </u>	<u> </u>
Net addition in shareholders' funds	274,159	251,078
Opening shareholders' funds	684,804	433,726
	<u> </u>	<u> </u>
Closing shareholders' funds	958,963	684,804
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1997

**13. RECONCILIATION OF OPERATING PROFIT TO NET CASH
 INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	1997 £	1996 £
Operating profit	748,365	640,297
Depreciation charges	57,454	57,331
Profit on disposal of tangible fixed assets	(2,578)	(6,679)
Increase in work in progress	(193,383)	(41,817)
(Increase)/decrease in debtors	(175,721)	137,686
Increase/(decrease) in creditors	56,187	(1,015,055)
Net cash inflow/(outflow) from operating activities	<u>490,324</u>	<u>(228,237)</u>

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

	1997 £	1996 £
Increase/(decrease) in cash for the year	60,613	(712,119)
Movement in net debt in the year	60,613	(712,119)
Net funds at 1 April	1,791,099	2,503,218
Net funds at 31 March	<u>1,851,712</u>	<u>1,791,099</u>

15. FINANCIAL COMMITMENTS

(1) Operating leases

At 31 March 1997 the company had no annual commitments under non-cancellable operating leases (1996: £nil).

(2) 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 ACCOUNTS
Year ended 31 March 1997

16. DIRECTORS

	1997 £	1996 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	234,102	202,130
Fees and emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The highest paid director	69,670	64,798
Pension contributions to money purchase scheme	7,087	28,611
	Number	Number
The number of directors who were members of:		
- a defined benefit pension scheme	3	1
- a money purchase scheme	4	4
	£	£
Contributions paid to money purchase scheme	50,187	67,570

Messrs D M Telling and W E Harding are also directors of MITIE Group PLC and their pension details are disclosed in the group accounts.

17. EMPLOYEES

(1) Number of employees

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

	1997 Number	1996 Number
Site labour	40	45
Administration and management	27	27
	67	72
	£	£
(2) Employment costs		
Wages and salaries	1,268,098	1,244,113
Social security costs	114,343	109,520
Other pension costs	49,129	107,022
	1,431,570	1,460,655



NOTES TO THE ACCOUNTS
Year ended 31 March 1997

18. PARENT UNDERTAKING

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