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PRIDDY ENGINEERING SERVICES (BRISTOL) LTDDIRECTORS REPORT

Directors: W.E. Harding - Chairman
 T.G. Lewis
 D.M. Telling
 C.S. Townsend

Secretary: A.F. Waters

Registered Office: The Estate Office, The Stable Block,
 Barley Wood, Wrington, Avon.

REPORT OF THE DIRECTORS

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

The Directors consider that the ultimate holding company is MITIE Engineering Services Ltd.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the installation of electrical and mechanical services in commercial and industrial premises.

No material events have happened since the end of the financial year other than in the ordinary course of trade.

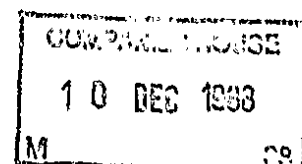
DIRECTORATE

Messrs. J. Priddy and C. Brent resigned as directors on 1 May 1987. Messrs. D.M. Telling and T.G. Lewis were appointed directors on 1 May 1987.

In accordance with the Articles of Association, Messrs. D.M. Telling and T.G. Lewis offer themselves for re-appointment at the forthcoming annual general meeting.

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

	<u>31 March 1988</u>	<u>31 March 1987</u>
J. Priddy	-	1
C. Brent	-	1
W.E. Harding	-	1
C.S. Townsend	-	-
D.M. Telling	-	-
T.G. Lewis	-	-



PRIDY ENGINEERING SERVICES (BRISTOL) LTD

DIRECTORS REPORT continued

PROFIT

The financial results for the year are set out in the accompanying accounts.

The profit for the year after taxation amounted to £115,092

The directors recommend a dividend of £25,000 and that the balance of £90,092 be transferred to reserves.

TAXATION STATUS

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

AUDITORS

Ernst & Whinney have been appointed auditors and, in accordance with S384 of the Companies Act 1985, a Resolution proposing their re-appointment will be put to the members at the annual general meeting.

By Order of the Board

A.F. WATERS

Secretary

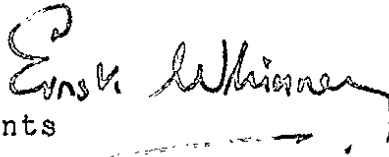
28 October 1988

REPORT OF THE AUDITORS TO THE MEMBERS OF
PRIDDY ENGINEERING SERVICES (BRISTOL) LTD

We have audited the accounts set out on pages 4 to 12 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 year then ended and comply with the Companies Act 1985.

ERNST & WHINNEY

A handwritten signature in dark ink, appearing to read 'Ernst & Whinney', is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chartered Accountants

Bristol

28 October 1988

PRIDY ENGINEERING SERVICES (BRISTOL) LTD

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1988

	<u>Notes</u>	<u>1988</u>	<u>1987</u>
		£	£
TURNOVER		2,219,733	2,740,476
Cost of sales		1,688,272	2,375,240
		<hr/>	<hr/>
GROSS PROFIT		531,461	365,236
Administrative costs		390,975	333,587
		<hr/>	<hr/>
OPERATING PROFIT		140,486	31,649
Other income	2	45,974	16,438
Interest payable	3	(7,053)	(10,171)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	179,407	37,916
Taxation	5	64,315	11,318
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		115,092	26,598
Dividend paid		25,000	20,000
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		90,092	6,598
Retained profits at 1 April 1987		185,374	178,776
		<hr/>	<hr/>
Retained profits at 31 March 1988		275,466	185,374
		<hr/>	<hr/>

PRIDY ENGINEERING SERVICES (BRISTOL) LTD

BALANCE SHEET AS AT 31 MARCH 1988

	<u>Note</u>	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
FIXED ASSETS			
Tangible assets	7	127,197	93,215
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks and work in progress	8	664,627	399,730
Debtors	9	258,770	243,060
Cash at bank		248,845	226,260
		<hr/>	<hr/>
CREDITORS	10	1,172,242 998,746	869,050 744,552
		<hr/>	<hr/>
Net current assets		173,496	124,498
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		300,693	217,713
CREDITORS: Amounts due after more than one year	11	(20,236)	(26,663)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(4,925)	(5,610)
		<hr/>	<hr/>
NET ASSETS		275,532	185,440
		<hr/>	<hr/>
CAPITAL RESERVES			
Called-up share capital	13	66	66
Profit and loss account		275,466	185,374
		<hr/>	<hr/>
		275,532	185,440
		<hr/>	<hr/>

Approved by the Board of Directors

W.E. HARDING

D.M. TELLING

)
) Directors
)

Date: 28 October 1988

PRIDDY ENGINEERING SERVICES (BRISTOL) LTD

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

	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
SOURCE OF FUNDS		
Funds generated from operations		
Profit before taxation	179,407	37,916
Depreciation	36,412	28,048
Loss on disposal of Fixed Assets	1,162	3,414
	<hr/>	<hr/>
	216,981	69,378
Funds from other sources		
Disposal of Fixed Assets	8,650	3,115
	<hr/>	<hr/>
	225,631	72,493
APPLICATION OF FUNDS		
Purchase of fixed assets	80,206	35,973
Taxation paid	15,723	13,345
Dividends paid	25,000	20,000
	<hr/>	<hr/>
Increase in working capital	104,702	3,175
Arising from movements in:		
Increase in debtors	15,710	43,616
Increase/(Decrease) in stock/ work in progress	264,897	(107,528)
(Increase) in creditors	(235,517)	(52,731)
Increase in cash balance	59,612	119,818
	<hr/>	<hr/>
	104,702	3,175
	<hr/>	<hr/>

PRIDDY ENGINEERING SERVICES (BRISTOL) LTD

NOTES TO THE ACCOUNTS for the year ended 31 March 1988

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

TURNOVER

This represents the sales value of work done, excluding value added tax.

DEPRECIATION

Depreciation is provided under the reducing balance method at rates calculated to write off the cost of the assets over their expected useful lives. The following rates are employed:

Plant	25%
Office Equipment	10%
Computers	25%
Motor vehicles	25%

LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases) the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the asset and the corresponding leasing commitments are shown as a liability.

Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the Sum of the Digits methods.

STOCKS

Stocks are stated at the of lower cost and net realisable value.

WORK IN PROGRESS

Work in progress is valued at the cost of direct materials and labour plus an appropriate portion of the attributable overheads. Full provision is made for foreseeable losses.

PRIDDY ENGINEERING SERVICES (BRISTOL) LTD

NOTES TO THE ACCOUNTS for the year ended 31 March 1988

DEFERRED TAXATION

Deferred taxation is provided on the liability method at the rate of corporation tax ruling at the period end on timing differences only to the extent that they are likely to result in an actual tax liability in the foreseeable future.

2.	OTHER INCOME	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
	Other income	19,881	6,969
	Bank deposit account interest	26,093	9,469
		<u>45,974</u>	<u>16,438</u>
3.	INTEREST PAYABLE	<u>£</u>	<u>£</u>
	Bank loans and overdrafts repayable within 5 years	176	1,957
	Finance leases and hire purchase contracts	6,677	8,214
		<u>7,053</u>	<u>10,171</u>
4.	PROFIT ON ORDINARY ACTIVITIES	<u>£</u>	<u>£</u>
	This is stated after charging:		
	Auditors' remuneration	3,000	2,500
	Depreciation on owned assets	11,764	9,488
	Depreciation on assets held under finance leases and hire purchase contracts	14,829	19,561
	Loss on disposal of fixed assets	1,162	2,414
		<u>30,755</u>	<u>44,963</u>
5.	TAXATION	<u>£</u>	<u>£</u>
	U. K. Corporation tax at 35% (1987 - 29%)		
	- Current year	65,000	14,213
	- Overprovision in previous year	-	(55)
	Deferred tax (credit)	(685)	(2,840)
		<u>64,315</u>	<u>11,318</u>

PRIDDY ENGINEERING SERVICES (BRISTOL) LTD

NOTES TO THE ACCOUNTS for the year ended 31 March 1988

5. TAXATION (continued)

The taxation charge for the year has been increased by £1,768 (1987 increased by £2,636) in respect of the excess of depreciation over tax allowances.

6. DIRECTORS AND EMPLOYEES	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
Staff costs:		
Wages and salaries	800,711	777,036
Social security costs	87,190	84,784
Other pension costs	12,452	10,517
	<u>900,353</u>	<u>872,337</u>

The average number of persons employed during the year:

	<u>Number</u>	<u>Number</u>
Administration and management	18	14
Site labour	75	69
	<u>93</u>	<u>83</u>

The remuneration paid to directors was:

	<u>£</u>	<u>£</u>
Emoluments for services as directors	83,016	53,447
Pension contributions	9,045	6,653
	<u>92,061</u>	<u>60,100</u>

The directors' remuneration disclosed above, excluding pension contributions, included amounts paid to:

The Chairman	<u>-</u>	<u>-</u>
The highest paid director	<u>30,395</u>	<u>27,311</u>

FRIDDY ENGINEERING SERVICES (BRISTOL) LTD

6. DIRECTORS AND EMPLOYEES (continued) 1988 1987

The number of other directors who received emoluments excluding pension contributions, fell within the ranges:

	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	1	2
£20,001 - £25,000	-	-
£25,001 - £30,000	2	1
	<u> </u>	<u> </u>

7. TANGIBLE ASSETS

	<u>Plant</u> <u>£</u>	<u>Office</u> <u>Equip</u> <u>£</u>	<u>Motor</u> <u>Vhcls</u> <u>£</u>	<u>Total</u> <u>£</u>
COST				
Balance brought forward	32,864	42,758	95,237	170,859
Additions	8,805	19,135	52,266	80,206
Sales	-	-	(13,705)	(13,705)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance carried forward	41,669	61,893	133,798	237,360
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
Balance brought forward	22,235	23,581	31,828	77,644
Charge for the year	4,508	6,118	25,786	36,412
Sales	-	-	(3,893)	(3,893)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance carried forward	26,743	29,699	53,721	110,163
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
31 March 1988	14,926	32,194	80,077	127,197
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 March 1987	10,629	19,177	63,409	93,215
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The net book value includes an amount of £61,227 (1987 £65,860) in respect of assets held under finance leases and hire purchase contracts.

8. STOCK AND WORK IN PROGRESS	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
Raw materials and consumables	54,700	38,656
Work in progress	3,324,622	2,331,824
Payment in advance	(2,714,695)	(1,970,750)
	<u> </u>	<u> </u>
	664,627	399,730
	<u> </u>	<u> </u>

PRIDBY ENGINEERING SERVICES (BRISTOL) LTD

NOTES TO THE ACCOUNTS for the year ended 31 March 1988

9. DEBTORS	<u>1988</u>	<u>1987</u>
	£	£
Trade debtors	220,632	227,718
Other debtors	11,805	215
Prepayments	4,064	11,626
Value added tax	6,124	3,501
Amounts due from group companies	16,145	-
	<u>258,770</u>	<u>243,060</u>
	<u><u>258,770</u></u>	<u><u>243,060</u></u>
10. CREDITORS - amounts falling due within one year	£	£
Bank overdraft	55,295	92,322
Obligations under finance leases and hire purchase contracts	35,690	25,979
Trade creditors	708,432	413,425
Amounts due to group companies	86,473	84,336
Taxation and social security	34,583	5,235
Corporation tax	55,280	6,003
Other creditors	17,073	87,186
Accruals	5,920	30,066
	<u>998,746</u>	<u>744,552</u>
	<u><u>998,746</u></u>	<u><u>744,552</u></u>
11. CREDITORS - amounts falling due after more than one year		
Obligations under finance leases and hire purchase contracts	<u>20,236</u>	<u>26,663</u>
	<u><u>20,236</u></u>	<u><u>26,663</u></u>
12. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation	£	£
At beginning of the year	5,610	8,450
Charge for year	(685)	(2,840)
	<u>4,925</u>	<u>5,610</u>
At end of the year	<u><u>4,925</u></u>	<u><u>5,610</u></u>

PRIDDY ENGINEERING SERVICES (BRISTOL) LTD

NOTES TO THE ACCOUNTS for the year ended 31 March 1988

12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The major components of the provision for deferred taxation are as follows:

	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
Short term timing differences	1,506	-
Accelerated capital allowances	3,419	5,610
	<u>4,925</u>	<u>5,610</u>

13. SHARE CAPITAL

	Authorised	1988 Allotted and fully paid	1987 Allotted and fully paid
Shares of £1 each	100	66	66
	<u> </u>	<u> </u>	<u> </u>

All the issued shares are held by Priddy Group Ltd, a company incorporated in England. Priddy Group Ltd is a wholly owned subsidiary of MITIE Engineering Services Ltd, a company incorporated in England.