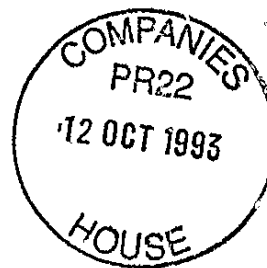


**MITIS ENGINEERING SERVICES
(BRISTOL) LIMITED**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended
31 March 1993



Company Number 1006742

DIRECTORS

W E Harding (Chairman)
J F Davis
W C F Hennys
T G Lewis
D M Telling
C S Townsend
P B C Williams

SECRETARY

A F Waters

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Avon BS18 7SA

COMPANY NUMBER

1006742

AUDITORS

BDO Binder Hamlyn
Broad Quay House
Broad Quay
Bristol BS1 4PQ

DIRECTORS' REPORT
for the year ended 31 March 1993**FINANCIAL STATEMENTS**

The directors present their report and financial statements for the year ended 31 March 1993. The company is a wholly-owned subsidiary undertaking of MITIE Engineering Services Limited. The ultimate parent company is MITIE Group PLC, which is incorporated in Scotland.

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (4) 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 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 £364,939. The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed	182,000
Transfer to reserves	182,939
	<u>364,939</u>

DIRECTORS' REPORT
for the year ended 31 March 1993 (continued)**FIXED ASSETS**

Details of movements in fixed assets during the year are set out in Note 6 to the financial statements.

DIRECTORS

The directors during the year were as stated on page 1.

No director has any interest in the share capital of the company.

Messrs W E Harding and D M Telling are directors of MITIE Group PLC, the ultimate parent company, and their interests in the share capital of that company are shown in the financial statements of MITIE Group PLC.

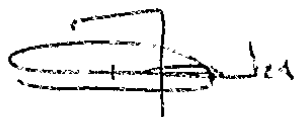
Other directors' interests in the share capital of MITIE Group PLC are as follows:

	31 March 1993 50p Ordinary shares Number	1 April 1992 50p Ordinary shares Number
J F Davis	31,500	31,500
W C F Hennys	35,000	35,000
T G Lewis	293,483	293,483
C S Townsend	69,231	72,231
P B C Williams	10,000	16,750

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 18th August 1993



A F Waters
Secretary

AUDITORS' REPORT
to the members of MITIE Engineering Services (Bristol) Limited

We have audited the financial statements on pages 5 to 14 which have been prepared on the basis of 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 31 March 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

Chartered Accountants
Registered Auditors
18th August 1993

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1993

	Notes	1993 £	1992 £
Turnover		9,168,833	9,924,736
Cost of sales		<u>7,706,915</u>	<u>8,039,777</u>
Gross profit		1,461,918	1,884,959
Administrative expenses		<u>1,055,174</u>	<u>1,167,819</u>
Operating profit	2	406,744	717,140
Interest receivable	3	99,678	136,482
Dividend receivable		33,286	-
Interest payable	3	<u>590</u>	<u>1,453</u>
Profit on ordinary activities before taxation		539,118	852,169
Tax on profit on ordinary activities	4	<u>174,179</u>	<u>282,023</u>
Profit on ordinary activities after taxation		364,939	570,146
Dividends	5	<u>182,000</u>	<u>285,000</u>
Retained profit for the year	14	<u>182,939</u>	<u>285,146</u>

BALANCE SHEET
as at 31 March 1993

	Notes	£	1993	£	£	1992	£
FIXED ASSETS							
Tangible assets	6		162,744			264,134	
Investments	7		<u>172,000</u>			<u>-</u>	
			334,744			264,134	
CURRENT ASSETS							
Work in progress	8	885,069		1,421,402			
Debtors	9	344,854		328,303			
Cash at bank and in hand		<u>1,735,793</u>		<u>1,310,001</u>			
		2,965,716		3,059,706			
CREDITORS: amounts falling due within one year	10	<u>2,549,652</u>		<u>2,753,574</u>			
Net Current Assets			<u>416,064</u>			<u>306,132</u>	
Total Assets less Current Liabilities			750,508			570,266	
CREDITORS: amounts falling due after more than one year	11		-			1,247	
PROVISIONS FOR LIABILITIES AND CHARGES	12		<u>-</u>			<u>1,150</u>	
Net Assets			<u>750,508</u>			<u>567,869</u>	
CAPITAL AND RESERVES							
Called up share capital	13		66			66	
Profit and loss account	14		<u>750,742</u>			<u>567,803</u>	
			<u>750,808</u>			<u>567,869</u>	

The financial statements on pages 5 to 14 were approved by the Board on 18th August 1993


D M Telling
Director

CASH FLOW STATEMENT
for the year ended 31 March 1993

	Notes	£	1993 £	£	1992 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	15		1,034,847		530,523	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE						
Interest received		101,722		137,656		
Interest element of finance lease and hire purchase rental payments		(590)		(1,491)		
Dividends paid		(285,000)		(96,000)		
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(183,868)		40,165	
TAX PAID			(285,629)		(105,773)	
INVESTING ACTIVITIES						
Purchase of tangible fixed assets		(77,504)		(183,874)		
Sale of tangible fixed assets		117,910		37,356		
Purchase of investment in subsidiary undertaking		(172,000)		-		
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(131,594)		(146,518)	
NET CASH INFLOW BEFORE FINANCING			433,756		318,397	
FINANCING						
Capital element of finance lease and hire purchase rental payments	16	(7,964)		(10,984)		
NET CASH OUTFLOW FROM FINANCING			(7,964)		(10,984)	
INCREASE IN CASH AND CASH EQUIVALENTS	17		425,792		307,413	

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993**

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 or valuation, 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 - 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.

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.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Compliance with accounting standards

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

	1993 £	1992 £
2. OPERATING PROFIT is stated after charging:		
Depreciation: owned fixed assets	71,930	93,741
Depreciation: assets under finance leases and hire purchase contracts	1,820	10,555
Operating lease rentals		
- land and buildings	52,500	42,500
Auditors' remuneration	<u>7,500</u>	<u>7,500</u>
3. INTEREST		
(a) Interest receivable		
Bank interest receivable	<u>99,678</u>	<u>136,482</u>
(b) Interest payable		
On finance leases and hire purchase contracts terminating within five years	<u>590</u>	<u>1,453</u>
4. TAXATION		
UK current year taxation		
UK Corporation tax at 33% (1992: 33%)	175,000	285,300
Deferred tax	<u>(1,150)</u>	<u>(3,050)</u>
	173,850	282,250
Prior years		
UK Corporation tax	<u>329</u>	<u>(227)</u>
Tax on profit on ordinary activities	<u>174,179</u>	<u>282,023</u>
5. DIVIDENDS		
Final proposed 275,757.58p per ordinary share (1992: 431,818.18p)	<u>182,000</u>	<u>285,000</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

6. TANGIBLE FIXED ASSETS

(a) Summary

	Plant £	Office equipment £	Motor vehicles £	Total £
Cost				
1 April 1992	63,073	124,106	343,850	531,029
Additions	4,050	1,957	75,211	81,218
Intra-group transfers	-	-	(150,911)	(150,911)
Disposals	-	-	(31,977)	(31,977)
31 March 1993	<u>67,123</u>	<u>126,063</u>	<u>236,173</u>	<u>429,359</u>
Depreciation				
1 April 1992	53,741	75,506	137,648	266,895
Charge for the year	3,586	17,859	52,305	73,750
Intra-group transfers	-	-	(52,900)	(52,900)
Disposals	-	-	(21,130)	(21,130)
31 March 1993	<u>57,327</u>	<u>93,365</u>	<u>115,923</u>	<u>266,615</u>
Net book value				
Owned assets	9,796	32,698	112,971	155,465
Leased assets	-	-	7,279	7,279
31 March 1993	<u>9,796</u>	<u>32,698</u>	<u>120,250</u>	<u>162,744</u>
Owned assets	9,332	48,600	159,862	217,794
Leased assets	-	-	46,340	46,340
31 March 1992	<u>9,332</u>	<u>48,600</u>	<u>206,202</u>	<u>264,134</u>

(b) Capital commitments

At 31 March 1993 the directors had authorised capital expenditure of £Nil (1992: £Nil).

7. INVESTMENTS

The following investment is a subsidiary undertaking existing at the year end.

	1993	
	£1 Ordinary shares held Number	Proportion of share capital held
MITIE Maintenance (West) Limited	172,000	86%

The company is incorporated in England and Wales, providing maintenance services in commercial and industrial premises.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

	1993 £	1992 £
8. WORK IN PROGRESS		
Work in progress	7,430,570	7,374,816
Payments on account	(6,545,501)	(5,953,414)
	<u>885,069</u>	<u>1,421,402</u>
9. DEBTORS		
Trade debtors	292,693	282,729
Amounts owed by parent undertaking and fellow subsidiary undertakings	-	18,078
Other debtors	5,750	14,371
Prepayments and accrued income	13,125	13,125
Dividend receivable	33,286	-
	<u>344,854</u>	<u>328,303</u>
10. CREDITORS: amounts falling due within one year		
Trade creditors	1,581,862	1,538,966
Obligations under finance leases and hire purchase contracts	3,447	6,450
Amounts owed to parent undertaking and fellow subsidiary undertakings	28,051	-
Corporation tax	175,000	285,300
Other taxes and social security costs	245,130	174,544
Other creditors	31,343	58,908
Accruals and deferred income	71,000	86,603
Payments on account	231,819	317,803
Proposed dividends	182,000	285,000
	<u>2,549,652</u>	<u>2,753,574</u>
11. CREDITORS: amounts falling due after more than one year		
Obligations under finance leases and hire purchase contracts	-	<u>1,247</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £
1 April 1992	1,150
Transfer to profit and loss account	(1,150)
31 March 1993	<u>-</u>

The total potential deferred tax liability is as follows:

	Potential	
	1993 £	1992 £
Accelerated capital allowances	(6,400)	(1,420)
Other timing differences	<u>1,900</u>	<u>2,570</u>
	<u>(4,500)</u>	<u>1,150</u>

13. SHARE CAPITAL

Authorised and allotted share capital	Authorised		Allotted, called up and fully paid 1993 £	1992 £
	1993 Number	1992 Number		
£1 Ordinary	<u>100</u>	<u>100</u>	<u>66</u>	<u>66</u>

14. PROFIT AND LOSS ACCOUNT

	£
1 April 1992	567,803
Retained profit for the year	<u>182,939</u>
31 March 1993	<u>750,742</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1993 £	1992 £
Operating profit	406,744	717,140
Depreciation charges	73,750	109,986
Profit on sale of tangible fixed assets	(3,002)	(5,690)
Decrease/(increase) in stocks and work in progress	536,333	(197,327)
Decrease in debtors	8,641	433,025
Increase/(decrease) in creditors	12,381	(526,612)
Net cash inflow from operating activities	<u>1,034,847</u>	<u>530,523</u>

16. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Finance leases and hire purchase contracts £
1 April 1992	7,697
Inception of finance leases and hire purchase contracts	3,714
Capital element of finance lease and hire purchase rental payments	<u>7,964</u>
31 March 1993	<u>3,447</u>

17. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	1993 £	1992 £	Change £
Cash at bank and in hand	<u>1,735,793</u>	<u>1,310,001</u>	<u>425,792</u>

18. FINANCIAL COMMITMENTS

(a) Operating leases - land and buildings

At 31 March 1993 the company had no annual commitments under non-cancellable operating leases.

(b) 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 FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

19. DIRECTORS

(a) Emoluments

	1993 £	1992 £
The emoluments of directors of the company were:		
Fees and other emoluments (including pension contributions and benefits-in-kind)	<u>205,737</u>	<u>247,397</u>

(b) Bandings

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

The chairman	-	-
The highest-paid director	<u>56,238</u>	<u>63,490</u>

Other directors' emoluments (excluding pension contributions) were in the following ranges:	Number	Number
£0 - £ 5,000	2	1
£35,001 - £40,000	-	2
£40,001 - £45,000	3	2

20. EMPLOYEES

(a) Number of employees

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

Site labour	90	108
Administration and management	<u>29</u>	<u>30</u>
	<u>119</u>	<u>138</u>

(b) Employment costs

	£	£
Wages and salaries	1,665,337	1,787,702
Social security costs	168,945	179,413
Other pension costs	<u>44,465</u>	<u>47,563</u>
	<u>1,878,747</u>	<u>2,014,678</u>

21. ULTIMATE PARENT UNDERTAKING

The directors regard MITIE Group PLC, a company incorporated 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.