



MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

Report and Financial Statements

31 March 1996



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



REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W E Harding
D M Telling
B R Edwards
G Gaffney
C S Acheson
C J Williams

SECRETARIES

A F Waters
M O Thomas

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
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 report and financial statements for the year ended 31 March 1996.

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 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 and maintenance 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 £205,576 (1995: £184,194). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed £11.52 per share	230,422
Transfer from reserves	(24,846)
	<hr/> 205,576 <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

The directors during the year were as follows:

W E Harding	(Chairman)
D M Telling	
B R Edwards	
G Gaffney	(appointed 21 April 1995)
C S Acheson	(appointed 1 June 1996)
C J Williams	(appointed 12 July 1995)
T G Lewis	(resigned 10 June 1996)

The beneficial interests of the directors and their families in the share capital of the company at the beginning and end of the year were:

	31 March 1996 £1 Ordinary shares Number	1 April 1995 £1 Ordinary shares Number
B R Edwards	-	5,000

No other director had a beneficial interest in the share capital of the company at the beginning and end of the financial year.

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 who held office at the end of the financial year had interests in the share capital of MITIE Group PLC as follows:

	31 March 1996 25p Ordinary shares Number	1 April 1995 25p Ordinary shares Number
B R Edwards	153,190	-
C S Acheson	235,260*	-
C J Williams	10,680	10,680*
T G Lewis	564,766	568,766

* At date of appointment

No other director had an interest in the share capital of MITIE Group PLC.

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.



DIRECTORS' REPORT (continued)

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. 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 August 1996



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 (CARDIFF) 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

19 August 1996

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1996

	Notes	Continuing operations 1996 £	1995 £
TURNOVER		6,624,951	4,370,551
Cost of sales		(5,762,043)	(3,634,258)
GROSS PROFIT		862,908	736,293
Administrative expenses		(597,637)	(477,069)
Other operating income		1,397	-
OPERATING PROFIT	2	266,668	259,224
Interest receivable	3	38,520	17,674
Interest payable	3	(113)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		305,075	276,898
Tax on profit on ordinary activities	4	(99,499)	(92,704)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		205,576	184,194
Transfers from/(to) reserves	11	24,846	(181,794)
DIVIDENDS	5	(230,422)	(2,400)


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 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	6	96,233	86,367
CURRENT ASSETS			
Work in progress	7	265,125	716,664
Debtors	8	654,278	537,047
Cash at bank and in hand		1,258,282	586,108
		<u>2,177,685</u>	<u>1,839,819</u>
CREDITORS: amounts falling due within one year	9	<u>(2,028,351)</u>	<u>(1,655,773)</u>
Net current assets		<u>149,334</u>	<u>184,046</u>
NET ASSETS		<u>245,567</u>	<u>270,413</u>
CAPITAL AND RESERVES			
Called up share capital	10	20,000	20,000
Profit and loss account	11	225,567	250,413
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>245,567</u>	<u>270,413</u>

These financial statements were approved by the Board of Directors on *14 August 1996*

Signed on behalf of the Board of Directors


 D M Telling
 Director

CASH FLOW STATEMENT
Year ended 31 March 1996

	Notes	1996		1995	
		£	£	£	£
Net cash inflow from operating activities	13		779,713		607,617
Returns on investments and servicing of finance					
Interest received		37,113		15,866	
Interest paid		(113)		-	
Dividends paid		(2,400)		(2,400)	
Net cash inflow from returns on investments and servicing of finance			34,600		13,466
Taxation					
UK Corporation tax paid			(92,799)		(21,580)
Investing activities					
Purchase of tangible fixed assets		(68,316)		(42,770)	
Disposal of tangible fixed assets		18,976		5,175	
Net cash outflow from investing activities			(49,340)		(37,595)
Increase in cash and cash equivalents	14		672,174		561,908

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

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:

Leasehold property	Period of lease
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.

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 in respect of timing differences to the extent that liabilities will crystallise in the foreseeable future.

Compliance with accounting standards

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

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

2. OPERATING PROFIT is stated after charging/(crediting):	1996	1995
	£	£
Depreciation	39,519	37,781
Operating lease rentals: land and buildings	23,250	16,133
Auditors' remuneration: audit services	3,000	3,000
Profit on disposal of tangible fixed assets	(11,210)	(4,036)
	<u> </u>	<u> </u>
 3. INTEREST	 1996	 1995
	£	£
(1) Interest receivable		
Bank interest receivable	38,520	17,674
	<u> </u>	<u> </u>
 (2) Interest payable		
Other interest payable	113	-
	<u> </u>	<u> </u>
 4. TAX ON PROFIT ON ORDINARY ACTIVITIES	 1996	 1995
	£	£
UK current year taxation		
UK Corporation Tax at 33% (1995: 33%)	99,500	92,800
 Prior years		
UK Corporation Tax	(1)	(96)
	<u> </u>	<u> </u>
	99,499	92,704
	<u> </u>	<u> </u>
 5. DIVIDENDS	 1996	 1995
	£	£
Ordinary:		
Final proposed of £11.52 (1995: 12p) per share	230,422	2,400
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

6. TANGIBLE FIXED ASSETS

(1) Summary	Leasehold property £	Plant £	Office equipment £	Motor vehicles £	Total £
Cost					
1 April 1995	3,000	39,663	43,282	113,505	199,450
Additions	-	10,100	11,954	46,262	68,316
Group transfers in	-	-	900	-	900
Group transfers out	-	-	-	(7,442)	(7,442)
Disposals	-	(20,000)	(22,551)	(14,537)	(57,088)
31 March 1996	3,000	29,763	33,585	137,788	204,136
Depreciation					
1 April 1995	1,325	24,363	26,684	60,711	113,083
Charge for the year	212	4,136	5,345	29,826	39,519
Group transfers in	-	-	638	-	638
Group transfers out	-	-	-	(3,566)	(3,566)
Disposals	-	(9,333)	(18,270)	(14,168)	(41,771)
31 March 1996	1,537	19,166	14,397	72,803	107,903
Net book value					
31 March 1996	1,463	10,597	19,188	64,985	96,233
31 March 1995	1,675	15,300	16,598	52,794	86,367

(2) Capital commitments

At 31 March 1996 the directors had authorised capital expenditure of £31,500 (1995: Nil).

7. WORK IN PROGRESS

	1996 £	1995 £
Work in progress	1,814,014	2,785,131
Cash received on account	(1,548,889)	(2,068,467)
	265,125	716,664

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

8. DEBTORS	1996	1995
	£	£
Trade debtors	517,321	502,837
Amounts owed by parent undertaking and fellow subsidiary undertakings	116,100	25,900
Other debtors	15,120	2,291
Prepayments and accrued income	5,737	6,019
	<u>654,278</u>	<u>537,047</u>
 9. CREDITORS: amounts falling due within one year	 1996	 1995
	£	£
Trade creditors	1,377,955	1,294,155
Amounts owed to parent undertaking and fellow subsidiary undertakings	45,343	46,384
Corporation tax	99,350	92,650
Other taxes and social security costs	136,265	89,167
Other creditors	4,310	457
Accruals and deferred income	11,872	3,954
Proposed dividend	230,422	2,400
Payments on account	122,834	126,606
	<u>2,028,351</u>	<u>1,655,773</u>
 10. CALLED UP SHARE CAPITAL		
(1) Authorised	Number	1996 £
£1 Ordinary shares	<u>20,000</u>	<u>20,000</u>
 (2) Allotted and fully paid	 1996 £	 1995 £
£1 Ordinary shares	<u>20,000</u>	<u>20,000</u>
 11. PROFIT AND LOSS ACCOUNT	 £	
1 April 1995	250,413	
Transfer from reserves	(24,846)	
 31 March 1996	 <u>225,567</u>	

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Profit for the financial year	205,576	184,194
Proposed dividend	(230,422)	(2,400)
Net (reduction)/addition to shareholders' funds	(24,846)	181,794
Opening shareholders' funds	270,413	88,619
Closing shareholders' funds	245,567	270,413

13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996	1995
	£	£
Operating profit	266,668	259,224
Depreciation charges	39,519	37,781
Profit on disposal of tangible fixed assets	(11,210)	(4,036)
Decrease/(increase) in work in progress	451,539	(319,077)
Increase in debtors	(104,397)	(59,208)
Increase in creditors	137,594	692,933
Net cash inflow from operating activities	779,713	607,617

14. CASH AND CASH EQUIVALENTS

	1996	1995
	£	£
Balance of cash and cash equivalents		
Cash at bank and in hand	1,258,282	586,108
Change in the balance of cash and cash equivalents		
1 April	586,108	24,200
Net cash inflow for the year	672,174	561,908
31 March	1,258,282	586,108

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

15. FINANCIAL COMMITMENTS

(1) Operating leases

At 31 March 1996 the company had annual commitments under non-cancellable operating leases as follows:

<u>Land and buildings</u>	1996	1995
	£	£
Expiry date:		
- in over five years	<u>10,750</u>	<u>10,750</u>

(2) Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts.

16. DIRECTORS

(1) Emoluments

	1996	1995
	£	£
The emoluments of directors of the company were:		
Fees and other emoluments (including pension contributions and benefits-in-kind)	<u>109,316</u>	<u>56,754</u>

(2) Bandings

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

The chairman	-	-
The highest-paid director	<u>69,650</u>	<u>52,974</u>

Other directors' emoluments (excluding pension contributions) were in the following ranges:

	Number	Number
£0 - £5,000	3	2
£30,001 - £35,000	<u>1</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

17. EMPLOYEES

(1) Number of employees

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

	1996 Number	1995 Number
Site labour	37	32
Administration and management	15	14
	<u>52</u>	<u>46</u>

(2) Employment costs

	£	£
Wages and salaries	931,962	758,916
Social security costs	85,471	72,628
Other pension costs	16,043	13,557
	<u>1,033,476</u>	<u>845,101</u>

18. PARENT UNDERTAKING

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