

Company Registration Number 1402606

**MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

**Report and Financial Statements**

**31 March 2006**



# **MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

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# **MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

C S Acheson  
S C Baxter  
B R Edwards  
J J W Green  
R McGregor-Smith  
D E Jones  
M J Parry  
I R Stewart  
C J Williams

### **SECRETARY**

MITIE Company Secretarial Services Limited (appointed 30 June 2006)  
C K Ross (resigned 30 June 2006)

### **REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emersons Green  
Bristol  
BS16 7FH

### **BANKERS**

HSBC Bank plc  
49 Corn Street  
Bristol  
BS99 7PP

### **AUDITORS**

Deloitte & Touche LLP  
Bristol

## **MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 March 2006.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 the system of internal control, 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 is a wholly owned subsidiary of MITIE Group PLC (the "Group"). The company provides installation and maintenance of electrical and mechanical services in domestic, commercial and industrial premises. There have not been any significant changes in the company's principal activities in the year under review and the directors are not aware of any likely major changes.

As shown in the company's profit and loss account on page 7, the company's sales have increased by 17% over the prior year but profit after tax has decreased.

The balance sheet on page 8 of the financial statements shows that the company's financial position at the year end has, in both net assets and cash terms, improved compared with the prior year.

The Group manages its operations on a divisional basis. For this reason, the company's directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the business. The performance of the Group's divisions is discussed in the Group's Annual Report which does not form part of this report.

### **DIVIDENDS**

A dividend of £12.58 (2005: £15.50) per ordinary share was approved and paid during the year.

## **MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Loss of key customers is a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

*Group risks are discussed in the Group's Annual Report which does not form part of this Report.*

#### **FINANCIAL RISK MANAGEMENT**

The directors have reviewed the financial risk management objectives and policies of the company. The directors do not believe there to be significant risks in this area. The company does not enter into any hedging instruments, as there are not believed to be any material exposures. It does not enter into any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall MITIE Group PLC financing arrangements.

#### **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 2006 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 70 days (2005: 86 days).

#### **ENVIRONMENT**

MITIE Group PLC and its subsidiaries endeavour to identify, monitor and manage the impact of their activities on the environment and are fully committed to environmental accountability and protection. The company operates in accordance with Group policies, which are described in Group's Annual Report which does not form part of this Report.

#### **EMPLOYEES**

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their attitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company recognises the importance of good communications and employee relationships. In each company there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purpose of the business and the commercial realities of success. Employees are encouraged to become shareholders through the Savings Related Share Option Scheme.

# MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS AND THEIR INTERESTS

The directors during the year and subsequently were as follows:

C S Acheson	
B R Edwards	
J J W Green	
R McGregor-Smith	
D E Jones	(appointed 1 April 2006)
M J Parry	
I R Stewart	
C J Williams	
S C Baxter	(appointed 8 May 2006)
G P Gaffney	(resigned 31 January 2006)

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

C S Acheson, I R Stewart and R McGregor-Smith are directors of MITIE Group PLC, the parent undertaking, and their interests in and options on the share capital of that company and other group companies 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 2006 2.5p Ordinary shares No.	At 1 April 2005 2.5p Ordinary shares No.
B R Edwards	188,934	213,184
C J Williams	152,312	161,912

C J Williams has an interest in the share capital of MITIE Engineering Services (Midlands) Limited, details of which are disclosed in the accounts of that company.

No other director held any interest in the share capital of any other group company at the beginning or end of the year.

### Share Options

		At 1 April 2005	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2006
J J W Green	(ii)	12,000	-	-	2005	2012	12,000	£1.17	-
	(ii)	7,000	-	-	2006	2013	-	-	7,000
M J Parry	(i)	2,654	-	-	2008	2009	-	-	2,654
	(ii)	20,000	-	-	2006	2013	-	-	20,000

(i) Options under the Savings Related Option Scheme

(ii) Options under the Executive Share Option Scheme

No other directors held share options in MITIE Group PLC at the beginning or end of the year.

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

## MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

### DIRECTORS' REPORT (continued)

#### AUDITORS


Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Pursuant to Section 386 Companies Act 1985, an elective resolution was passed on 14 March 2005 dispensing with the requirement to appoint auditors annually. Therefore Deloitte & Touche LLP are deemed to continue as auditors.

Approved by the Board of Directors  
and signed on behalf of the Board



**R McGregor-Smith**  
Director

14 August 2006

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

We have audited the financial statements of MITIE Engineering Services (Cardiff) Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*Deloitte & Touche LLP*

### **DELOITTE & TOUCHE LLP**

Chartered Accountants and Registered Auditors  
Bristol, United Kingdom

15 August 2006



**MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2006**

	Notes	Continuing operations	
		2006	2005
		£	£
<b>TURNOVER</b>	1	16,879,030	14,453,856
Cost of sales		(14,346,799)	(11,918,560)
<b>GROSS PROFIT</b>		2,532,231	2,535,296
Administrative expenses		(1,958,153)	(1,885,006)
<b>OPERATING PROFIT</b>	2	574,078	650,290
Interest receivable	3	92,337	67,312
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		666,415	717,602
Tax on profit on ordinary activities	4	(187,828)	(214,586)
<b>PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR</b>	11	478,587	503,016

There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

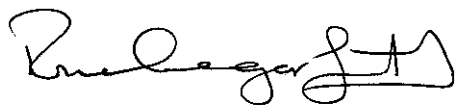
# MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

## BALANCE SHEET At 31 March 2006

	Notes	2006		2005 (restated)	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		70,094		153,217
<b>CURRENT ASSETS</b>					
Stocks	7	3,843		1,097	
Debtors	8	2,703,408		2,998,693	
Cash at bank and in hand		2,494,423		2,226,348	
		5,201,674		5,226,138	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	(3,179,647)		(3,514,321)	
<b>NET CURRENT ASSETS</b>			2,022,027		1,711,817
<b>NET ASSETS</b>			2,092,121		1,865,034
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	10		20,000		20,000
Profit and loss account	11		2,072,121		1,845,034
<b>TOTAL SHAREHOLDERS' FUNDS</b>	12		2,092,121		1,865,034

These financial statements were approved by the Board of Directors on 14 August 2006.

Signed on behalf of the Board of Directors



**R McGregor-Smith**  
Director

**MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

**CASH FLOW STATEMENT**  
**Year ended 31 March 2006**

	Notes	2006		2005	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	13		593,648		138,964
<b>Returns on investments and servicing of finance</b>					
Interest received			90,035		66,749
<b>Taxation</b>					
UK corporation tax paid			(199,193)		(221,617)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(6,250)		(75,735)	
Receipts from disposal of tangible fixed assets		41,335		33,916	
<b>Net cash inflow/(outflow) from capital expenditure</b>			35,085		(41,819)
<b>Equity dividends paid</b>			(251,500)		(310,000)
<b>Increase/(decrease) in cash in the year</b>	15		<u>268,075</u>		<u>(367,723)</u>

## **MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2006**

#### **1. ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable United Kingdom 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:

Leasehold property	period of lease
Plant and office equipment	3 to 10 years
Motor vehicles	4 years

##### **Leasing and hire purchase commitments**

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

##### **Long-term contracts**

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

##### **Tax**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

### 1. ACCOUNTING POLICIES (continued)

#### 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.

#### Change in accounting policy

The financial statements for the year ended 31 March 2006 have been drawn up using the same accounting policies as for the year ended 31 March 2005 subject to the adoption of FRS 21 'Events after the balance sheet date', FRS 17 'Retirement Benefits' and FRS 25 'Financial Instruments'.

The adoption of FRS 17 and FRS 25 has had no impact on the financial statements of this company.

#### *Adoption of FRS 21 - Events after the balance sheet date*

The effect of adopting FRS 21, and therefore recognising dividends in the period during which they were approved, has decreased the retained profit for the year ended 31 March 2006 and the year ended 31 March 2005 by £251,500 and £58,500 respectively. The net assets at 31 March 2006 and 31 March 2005 have increased by nil and £251,500 respectively.

This change in policy has not impacted recognised gains or losses and no statement of total recognised gains and losses has been presented.

### 2. OPERATING PROFIT

	2006 £	2005 £
Operating profit is stated after charging/(crediting):		
Depreciation on owned assets	54,845	72,724
Operating lease rentals - land and buildings	45,000	34,000
Auditors' remuneration - audit services	5,000	5,500
Profit on disposal of tangible fixed assets	(6,807)	(7,052)

### 3. INTEREST RECEIVABLE

	2006 £	2005 £
Bank interest	92,316	67,266
Other	21	46
	<u>92,337</u>	<u>67,312</u>

# MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
<b>(a) Analysis of charge in year</b>		
United Kingdom corporation tax at 30% (2005: 30%)	194,232	216,006
Adjustment in respect of prior years	(1,413)	(191)
<b>Total current tax note 4(b))</b>	<b>192,819</b>	<b>215,815</b>
Deferred taxation:		
Timing differences - origination and reversal	3,731	(1,884)
Adjustment in respect of prior years	(8,722)	655
<b>Tax on profit on ordinary activities</b>	<b>187,828</b>	<b>214,586</b>

### (b) Factors affecting tax charge in year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are as follows:

	£	£
Profit on ordinary activities before tax	666,415	717,602
Tax at 30% (2005: 30%) thereon	199,924	215,279
Expenses (allowable)/not deductible for tax purposes	(1,961)	2,123
Capital allowances less than depreciation	6,452	3,831
Profit on disposal of tangible fixed assets	(2,042)	(2,116)
Movement in short-term timing differences	(8,141)	169
Other	-	(3,280)
Prior year adjustment	(1,413)	(191)
<b>Current tax charge for the year (note 4(a))</b>	<b>192,819</b>	<b>215,815</b>

### (c) Factors affecting future tax charges

The company is not aware of any matters that will materially affect the future tax charge.

# MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

### 5. DIVIDENDS

The dividends approved and paid in the year are as follows:

	2006 £	2005 £
£12.58 (2005: £15.50) per share on £1 ordinary shares	251,500	310,000

### 6. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2005	3,000	29,763	64,915	259,264	356,942
Additions	-	1,750	4,500	-	6,250
Disposals	-	-	-	(104,036)	(104,036)
At 31 March 2006	3,000	31,513	69,415	155,228	259,156
<b>Depreciation</b>					
At 1 April 2005	3,000	29,763	38,883	132,079	203,725
Charge for the year	-	146	11,682	43,017	54,845
Disposals	-	-	-	(69,508)	(69,508)
At 31 March 2006	3,000	29,909	50,565	105,588	189,062
<b>Net book value</b>					
At 31 March 2006	-	1,604	18,850	49,640	70,094
At 31 March 2005	-	-	26,032	127,185	153,217

#### Capital commitments

At 31 March 2006 the directors had authorised capital expenditure of nil (2005: nil).

### 7. STOCKS

	2006 £	2005 £
Work in progress	3,843	1,097

**MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2006**

<b>8. DEBTORS</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,329,246	2,913,072
Amounts recoverable on contracts	322,379	38,473
Amounts owed by group undertakings	20,659	9,813
Prepayments and accrued income	20,315	31,517
Deferred tax asset	10,809	5,818
	<u>2,703,408</u>	<u>2,998,693</u>

A deferred tax asset of £10,809 has been recognised at 31 March 2006 (2005: £5,818). This asset relates to negative accelerated capital allowances of £10,628 (2005: £5,649) and short-term timing differences of £181 (2005: £169). The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse. The amount credited to the profit and loss account in the year was £4,991 (2005: £1,229).

<b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>(restated)</b>
		<b>£</b>
Payments on account	24,063	28,208
Trade creditors	2,319,639	2,529,208
Amounts owed to group undertakings	226,368	270,236
Corporation tax	132,632	139,006
Other taxes and social security costs	358,349	399,327
Other creditors	8,960	7,275
Accruals and deferred income	109,636	141,061
	<u>3,179,647</u>	<u>3,514,321</u>

<b>10. CALLED UP SHARE CAPITAL</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
20,000 £1 Ordinary shares	<u>20,000</u>	<u>20,000</u>
	<b>£</b>	<b>£</b>
<b>Allotted and fully paid</b>		
20,000 £1 Ordinary shares	<u>20,000</u>	<u>20,000</u>



# MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

### 11. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2005 (as previously stated)	1,593,534
Prior year adjustment (note 1)	251,500
At 1 April 2005 (restated)	1,845,034
Profit for the financial year	478,587
Dividends	(251,500)
At 31 March 2006	2,072,121

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	478,587	503,016
Dividends (note 5)	(251,500)	(310,000)
Net addition to shareholders' funds	227,087	193,016
Opening shareholders' funds (as previously stated)	1,613,534	1,362,018
Prior year adjustment	251,500	310,000
Opening shareholders' funds (restated)	1,865,034	1,672,018
Closing shareholders' funds	2,092,121	1,865,034

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

	2006 £	2005 £
Operating profit	574,078	650,290
Depreciation	54,845	72,724
Profit on disposal of tangible fixed assets	(6,807)	(7,052)
Increase in work in progress	(2,746)	(401)
Decrease/(increase) in debtors	302,578	(1,050,697)
(Decrease)/increase in creditors	(328,300)	474,100
Net cash inflow from operating activities	593,648	138,964

# MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

### 14. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2005 £	Cash flow £	At 31 March 2006 £
Cash at bank and in hand	<u>2,226,348</u>	<u>268,075</u>	<u>2,494,423</u>

### 15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006 £	2005 £
Increase/(decrease) in cash in the year	268,075	(367,723)
Net funds at beginning of year	<u>2,226,348</u>	<u>2,594,071</u>
Net funds at end of year	<u>2,494,423</u>	<u>2,226,348</u>

### 16. FINANCIAL COMMITMENTS

#### Operating leases

At 31 March 2006, the company had no annual commitments under non-cancellable operating leases (2005: nil).

#### Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts and loans. As at 31 March 2006, the overall commitment was £33 million (2005: nil).

### 17. DIRECTORS

	2006 £	2005 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	<u>297,141</u>	<u>322,014</u>
Fees and emoluments disclosed above (excluding pension contributions) include amounts paid to:	£	£
The highest paid director	<u>107,098</u>	<u>114,448</u>

The accrued pension for the highest paid director at 31 March 2006 was £16,993 (2005: £15,013).

# MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

17. DIRECTORS (continued)	2006 No.	2005 No.
The number of directors who were members of a defined benefit pension scheme	<u>3</u>	<u>3</u>

C S Acheson, I R Stewart and R McGregor-Smith were remunerated by MITIE Group PLC and C J Williams was remunerated by MITIE Engineering Services Limited for their services to the group as a whole. It is not practicable to allocate their remuneration between their services as directors of MITIE Engineering Services (Cardiff) Limited and their services as directors of other group companies.

C S Acheson, I R Stewart and R McGregor-Smith are directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group financial statements.

One of the directors exercised options in the shares of the ultimate group company, MITIE Group PLC, during the year (2005: none).

## 18. EMPLOYEES

### Number of employees

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

	2006 No.	2005 No.
Site labour	96	98
Administration and management	<u>38</u>	<u>39</u>
	<u>134</u>	<u>137</u>
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	3,833,362	3,688,839
Social security costs	404,284	396,399
Pension costs	<u>75,131</u>	<u>60,668</u>
	<u>4,312,777</u>	<u>4,145,906</u>

## **MITIE ENGINEERING SERVICES (CARDIFF) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2006**

#### **19. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of MITIE Group PLC, MITIE Engineering Services (Cardiff) 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. PENSION ARRANGEMENTS**

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. For the purposes of Financial Reporting Standard 17 ("Retirement Benefits"), the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 29 to the Report and Accounts of the group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension surplus of £1.8 million (2005: deficit of £7.6 million).

Contributions to the scheme for the period are shown in note 18 and the agreed contribution rate for the next 12 months is 10% (2005: 10%) and 7.5% (2005: 7.5%) for the group and employees respectively.

#### **21. ULTIMATE 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. MITIE Group PLC is both the smallest and largest group for which group financial statements are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.