

**MITIE ENGINEERING SERVICES
(CARDIFF) LIMITED**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended
31 March 1993



Company Number 1402606

DIRECTORS

W E Harding (Chairman)
B R Edwards
T G Lewis
D M Telling

SECRETARY

A F Waters

REGISTERED OFFICE

The Stable Block
Barley Wood
Wrington
Avon BS18 7SA

COMPANY NUMBER

1402606

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 subsidiary undertaking of MITIE Engineering Services Limited, which owns 75% of the issued share capital. The ultimate parent undertaking 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 £30,710. The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed	17,755
Transfer to reserves	12,955
	<hr/>
	30,710
	<hr/>

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.

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

	31 March 1993 £1 Ordinary shares Number	1 April 1992 £1 Ordinary shares Number
B R Edwards	5,000	5,000

No other director has a beneficial interest in the shares of the company.

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

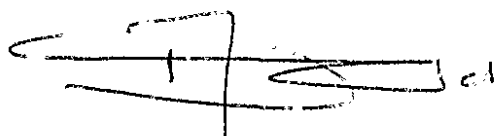
Other directors' interests in the share capital of MITIE Group PLC are as follows:

	31 March 1993 50p Ordinary shares Number	1 April 1992 50p Ordinary shares Number
B R Edwards	5,750	10,750
T G Lewis	293,483	293,483

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 30 July 1993



A F Waters
Secretary

AUDITORS' REPORT

to the members of MITIE Engineering Services (Cardiff) Limited

We have audited the financial statements on pages 5 to 14 which have been prepared on the basis of 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.

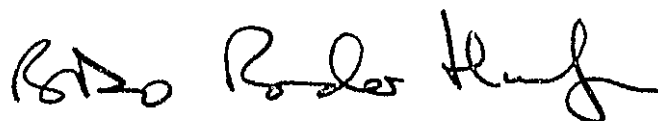
Basis of opinion

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 affairs of the company 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.



Chartered Accountants
Registered Auditors

30 July 1993

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1993

	Notes	1993 £	1992 £
Turnover		1,759,987	2,887,669
Cost of sales		1,406,189	2,575,062
Gross profit		353,798	312,607
Administrative expenses		305,708	253,408
Operating profit	2	48,090	59,199
Interest receivable	3	6,914	1,192
Interest payable	3	-	5,758
Profit on ordinary activities before taxation		55,004	54,633
Tax on profit on ordinary activities	4	24,294	18,135
Profit on ordinary activities after taxation		30,710	36,498
Dividends	5	17,755	20,349
Retained profit for the year	12	12,955	16,149

BALANCE SHEET
as at 31 March 1993

	Notes	£	1993	£	£	1992	£
FIXED ASSETS							
Tangible assets	6		45,380			73,465	
CURRENT ASSETS							
Work in progress	7	188,547			127,384		
Debtors	8	238,272			201,725		
Cash at bank and in hand		<u>130,865</u>			<u>76,569</u>		
		557,684			405,678		
CREDITORS: amounts falling due within one year	9	<u>568,742</u>			<u>457,776</u>		
Net Current Liabilities			(11,058)			(52,098)	
Net Assets			<u>34,322</u>			<u>21,367</u>	
CAPITAL AND RESERVES							
Called up share capital	11	20,000			20,000		
Profit and loss account	12	<u>14,322</u>			<u>1,367</u>		
		34,322			21,367		

The financial statements on pages 5 to 14 were approved by the Board on 30 July 1993


D M Telling
Director

CASH FLOW STATEMENT
for the year ended 31 March 1993

	Notes	£	1993 £	£	1992 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	13		92,446		96,663
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		7,063		843	
Interest paid		-		(5,877)	
Dividends paid		(20,349)		-	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(13,286)		(5,034)
TAX PAID			(20,444)		(11,585)
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(9,120)		(22,135)	
Sale of tangible fixed assets		4,700		2,000	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(4,420)		(20,135)
INCREASE IN CASH AND CASH EQUIVALENTS	14		54,296		59,909

**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:

Leasehold properties	Period of lease
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. 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 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.

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

1. ACCOUNTING POLICIES (continued)

Compliance with accounting standards

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

	1993 £	1992 £
2. OPERATING PROFIT is stated after charging:		
Depreciation: owned fixed assets	36,067	32,818
Depreciation: assets under finance leases and hire purchase contracts	212	212
Operating lease rentals		
- land and buildings	10,732	6,377
Auditors' remuneration	<u>3,000</u>	<u>2,750</u>
3. INTEREST		
(a) Interest receivable		
Bank interest receivable	<u>6,914</u>	<u>1,192</u>
(b) Interest payable		
Bank interest payable	<u>-</u>	<u>5,758</u>
4. TAXATION		
UK current year taxation		
UK Corporation Tax at 33% (1992: 33%)	22,600	20,750
Deferred tax	<u>2,200</u>	<u>(2,500)</u>
	24,800	18,250
Prior years		
UK Corporation Tax	<u>(506)</u>	<u>(115)</u>
Tax on profit on ordinary activities	<u>24,294</u>	<u>18,135</u>
5. DIVIDENDS		
Final proposed 88.78p per ordinary share (1992: 101.75p)	<u>17,755</u>	<u>20,349</u>

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

6. TANGIBLE FIXED ASSETS

(a) Summary	Leasehold property £	Plant £	Office equipment £	Motor vehicles £	Total £
Cost					
1 April 1992	3,000	17,938	27,427	105,583	154,008
Additions	-	-	760	8,360	9,120
Disposals	-	-	-	(19,233)	(19,233)
31 March 1993	<u>3,000</u>	<u>17,938</u>	<u>28,247</u>	<u>94,710</u>	<u>143,895</u>
Depreciation					
1 April 1992	689	10,244	11,056	58,554	80,543
Charge for the year	212	3,588	5,328	27,151	36,279
Disposals	-	-	-	(18,307)	(18,307)
31 March 1993	<u>901</u>	<u>13,832</u>	<u>16,384</u>	<u>67,398</u>	<u>98,515</u>
Net book value					
Owned assets	-	4,106	11,863	27,312	43,281
Leased assets	<u>2,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,099</u>
31 March 1993	<u>2,099</u>	<u>4,106</u>	<u>11,863</u>	<u>27,312</u>	<u>45,380</u>
Owned assets	-	7,694	16,431	47,029	71,154
Leased assets	<u>2,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,311</u>
31 March 1992	<u>2,311</u>	<u>7,694</u>	<u>16,431</u>	<u>47,029</u>	<u>73,465</u>

(b) Capital commitments

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

7. WORK IN PROGRESS	1993 £	1992 £
Work in progress	733,040	495,853
Payments on account	<u>(544,493)</u>	<u>(368,469)</u>
	<u>188,547</u>	<u>127,384</u>

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

	1993 £	1992 £
8. DEBTORS		
Trade debtors	235,398	197,131
Other debtors	566	2,690
Prepayments and accrued income	2,308	1,904
	<u>238,272</u>	<u>201,725</u>
9. CREDITORS: amounts falling due within one year		
Trade creditors	433,485	247,479
Amounts owed to parent undertaking and fellow subsidiary undertakings	45,343	45,343
Corporation tax	22,400	20,750
Other taxes and social security costs	38,876	79,012
Other creditors	-	18,479
Accruals and deferred income	5,527	13,193
Payments on account	5,356	13,171
Proposed dividends	17,755	20,349
	<u>568,742</u>	<u>457,776</u>
10. PROVISIONS FOR LIABILITIES AND CHARGES		
	Deferred tax £	
1 April 1992	(2,200)	
Transfer from profit and loss account	2,200	
31 March 1993	<u>-</u>	
The total potential deferred tax liability is as follows:		
	Potential 1993 £	1992 £
Accelerated capital allowances	(7,000)	(2,085)
Other timing differences	-	(115)
	<u>(7,000)</u>	<u>(2,200)</u>

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

11. SHARE CAPITAL

Authorized and allotted share capital	Authorized		Allotted, called up and fully paid	
	1993 Number	1992 Number	1993 £	1992 £
£1 Ordinary	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

12. PROFIT AND LOSS ACCOUNT

	£
1 April 1992	1,367
Retained profit for the year	<u>12,955</u>
31 March 1993	<u>14,322</u>

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

	1993 £	1992 £
Operating profit	48,090	59,199
Depreciation charges	36,279	33,030
Profit on sale of tangible fixed assets	(3,774)	-
(Increase)/decrease in work in progress	(61,163)	178,482
Increase in debtors	(38,896)	(101,325)
Increase/(decrease) in creditors	<u>111,910</u>	<u>(72,723)</u>
Net cash inflow from operating activities	<u>92,446</u>	<u>96,663</u>

14. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	1993 £	1992 £	Change £
Cash at bank and in hand	<u>130,865</u>	<u>76,569</u>	<u>54,296</u>

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

15. FINANCIAL COMMITMENTS

(a) Operating leases - land and buildings

At 31 March 1993 the company had annual commitments under non-cancellable operating leases as follows:

	1993 £	1992 £
Expiry date:		
In over five years	<u>10,750</u>	<u>10,750</u>

(b) 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

(a) Emoluments

The emoluments of directors of the company were:

Fees and other emoluments (including pension contributions and benefits-in-kind)	<u>45,905</u>	<u>43,853</u>
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(b) Bandings

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

The chairman	-	-
The highest-paid director	<u>41,342</u>	<u>39,465</u>

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

	Number	Number
£0 - £5,000	<u>2</u>	<u>3</u>

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

17. EMPLOYEES

(a) Number of employees

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

	1993 Number	1992 Number
Site labour	25	28
Administration and management	10	7
	<u>35</u>	<u>35</u>
 (b) Employment costs	 £	 £
Wages and salaries	533,659	514,346
Social security costs	52,405	46,385
Other pension costs	4,090	4,987
	<u>590,154</u>	<u>565,718</u>

18. 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.

DIRECTOR:

TIMOTHY GERALD LEWIS

COMPANY:

MITIE Engineering Services Ltd
MITIE Engineering Services (Cardiff) Ltd
MITIE Engineering Services (South West) Ltd
MITIE Engineering Services (Bristol) Ltd
MITIE Engineering Maintenance (West) Ltd