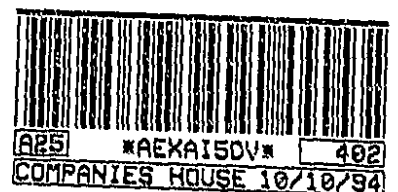


**MITIE ENGINEERING SERVICES
(CARDIFF) LIMITED****DIRECTORS' REPORT AND FINANCIAL
STATEMENTS****for the year ended 31 March 1994****Company number 1402606**

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

DIRECTORS

WE Harding (Chairman)
BR Edwards
TG Lewis
DM Telling

SECRETARY

AF Waters

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton BS18 7SA

AUDITORS

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

BANKERS

Midland Bank plc
49 Corn Street
Bristol BS99 7PP

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

DIRECTORS' REPORT for the year ended 31 March 1994

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 March 1994

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 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, subject to any material departures disclosed and explained in the financial statements; 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 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 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 £56,697 (1993: £30,710). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed	2,400
Transfer to reserves	54,297
	<hr/>
	56,697

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

DIRECTORS' REPORT for the year ended 31 March 1994

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:

WE Harding (Chairman)
BR Edwards
TG Lewis
DM Telling

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

	31 March 1994 £1 Ordinary shares Number	1 April 1993 £1 Ordinary shares Number
BR Edwards	5,000	5,000

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

WE Harding and DM 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 1994 50p Ordinary shares Number	1 April 1993 50p Ordinary shares Number
BR Edwards	2,750	10,750
TG Lewis	287,383	293,483


MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

DIRECTORS' REPORT
for the year ended 31 March 1994

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 17 August 1994.

A handwritten signature in black ink, appearing to read 'AF Waters', with a stylized flourish at the end.

AF Waters
Secretary

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED



BDO Binder Hamlyn
Chartered Accountants

Broad Quay House
Broad Quay Bristol BS1 4PQ

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 the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1, 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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'BDO - Binder Hamlyn', written in a cursive style.

Chartered Accountants
Registered Auditors

17 August 1994

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1994

	Notes	Continuing operations	
		1994	1993
		£	£
Turnover		2,947,129	1,759,987
Cost of sales		(2,510,522)	(1,406,189)
Gross profit		436,607	353,798
Administrative expenses		(362,760)	(305,708)
Operating profit	2	73,847	48,090
Interest receivable	3	4,575	6,914
Interest payable	3	(17)	-
Profit on ordinary activities before taxation		78,405	55,004
Tax on profit on ordinary activities	4	(21,708)	(24,294)
Profit on ordinary activities after taxation		56,697	30,710
Dividends	5	(2,400)	(17,755)
Retained profit for the year	11	54,297	12,955

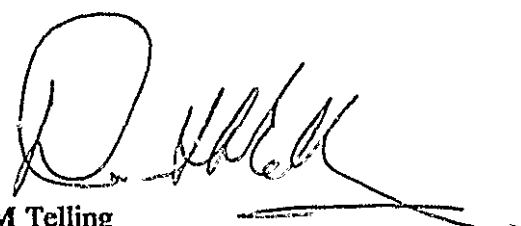
There were no recognised gains or losses other than the profit for the year.

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

BALANCE SHEET
as at 31 March 1994

	Notes	1994	1993
		£	£
FIXED ASSETS			
Tangible assets	6	84,479	45,380
CURRENT ASSETS			
Work in progress	7	397,587	188,547
Debtors	8	476,031	238,272
Cash at bank and in hand		24,200	130,865
		897,818	557,684
CREDITS: amounts falling due within one year	9	(893,678)	(568,742)
Net current assets/(liabilities)		4,140	(11,058)
Net assets		88,619	34,322
CAPITAL AND RESERVES			
Called up share capital	10	20,000	20,000
Profit and loss account	11	68,619	14,322
		88,619	34,322

The financial statements on pages 5 to 14 were approved by the Board on 17 August 1994.


DM Telling
Director

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

CASH FLOW STATEMENT for the year ended 31 March 1994

	Notes	1994	1993
		£	£
Net cash (outflow)/inflow from operating activities	13	(9,650)	92,446
Returns on investments and servicing of finance			
Interest received		4,331	7,063
Interest paid		(17)	-
Dividends paid		(17,755)	(20,349)
Net cash outflow from returns on investments and servicing of finance		(13,441)	(13,286)
Tax paid		(22,582)	(20,444)
Investing activities			
Purchase of tangible fixed assets		(73,357)	(9,120)
Sale of tangible fixed assets		12,365	4,700
Net cash outflow from investing activities		(60,992)	(4,420)
(Decrease)/increase in cash and cash equivalents	14	(106,665)	54,296

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 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.

Compliance with accounting standards

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

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 OPERATING PROFIT

is stated after charging:

	1994 £	1993 £
Depreciation: owned fixed assets	32,720	36,067
Depreciation: assets under finance leases and hire purchase contracts	212	212
Operating lease rentals: land and buildings	10,750	10,732
Auditors' remuneration: audit services	3,000	3,000

3 INTEREST**(1) Interest receivable**

Bank interest receivable	4,575	6,914
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(2) Interest payable

Other interest payable	17	-
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4 TAXATION**UK current year taxation**

UK Corporation Tax at 33%	21,700	22,600
Deferred tax	-	2,200

Prior years

UK Corporation Tax	8	(506)
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Tax on profit on ordinary activities	21,708	24,294
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5 DIVIDENDS**Ordinary:**

Final proposed of 12p (1993: 88.78p) per share	2,400	17,755
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MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 TANGIBLE FIXED ASSETS

(1) Summary	Leasehold property £	Plant £	Office equipment £	Motor vehicles £	Total £
Cost					
1 April 1993	3,000	17,938	28,247	94,710	143,895
Additions	-	21,725	8,023	43,609	73,357
Group transfers in	-	-	-	6,725	6,725
Disposals	-	-	(1,160)	(44,128)	(45,288)
31 March 1994	3,000	39,663	35,110	100,916	178,689
Depreciation					
1 April 1993	901	13,832	16,384	67,398	98,515
Charge for the year	212	5,296	5,278	22,146	32,932
Group transfers in	-	-	-	4,763	4,763
Disposals	-	-	(141)	(41,859)	(42,000)
31 March 1994	1,113	19,128	21,521	52,448	94,210
Net book value					
Owned assets	-	20,535	13,589	48,468	82,592
Leased assets	1,887	-	-	-	1,887
31 March 1994	1,887	20,535	13,589	48,468	84,479
Owned assets	-	4,106	11,863	27,312	43,281
Leased assets	2,099	-	-	-	2,099
31 March 1993	2,099	4,106	11,863	27,312	45,380

(2) Capital commitments

At 31 March 1994 the directors had authorised capital expenditure of Nil (1993: Nil).

7 WORK IN PROGRESS

	1994 £	1993 £
Work in progress	1,315,137	733,040
Payments on account	(917,550)	(544,493)
	397,587	188,547

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8	DEBTORS	1994 £	1993 £
	Trade debtors	469,790	235,398
	Other debtors	3,092	566
	Prepayments and accrued income	3,149	2,308
		476,031	238,272
9	CREDITORS: amounts falling due within one year		
	Trade creditors	713,998	433,485
	Amounts owed to parent undertaking and fellow subsidiary undertakings	48,482	45,343
	Corporation tax	21,526	22,400
	Other taxes and social security costs	72,529	38,876
	Other creditors	1,048	-
	Accruals and deferred income	11,818	5,527
	Payments on account	21,877	5,356
	Proposed dividends	2,400	17,755
		893,678	568,742
10	CALLED UP SHARE CAPITAL		
	(1) Authorised	Number	£
	£1 Ordinary shares	20,000	20,000
	(2) Allotted and fully paid		
	£1 Ordinary shares	20,000	20,000
11	PROFIT AND LOSS ACCOUNT	£	
	1 April 1993	14,322	
	Profit for the year	54,297	
	31 March 1994	68,619	

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit for the financial year	56,697	30,710
Dividends	(2,400)	(17,755)
Net addition to shareholders' funds	54,297	12,955
Opening shareholders' funds	34,322	21,367
Closing shareholders' funds	88,619	34,322

13 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

Operating profit	73,847	48,090
Depreciation charges	32,932	36,279
Profit on sale of tangible fixed assets	(9,077)	(3,774)
Increase in work in progress	(209,040)	(61,163)
Increase in debtors	(237,515)	(38,896)
Increase in creditors	339,203	111,910
Net cash (outflow)/inflow from operating activities	(9,650)	92,446

14 CASH AND CASH EQUIVALENTS

Balance of cash and cash equivalents

Cash at bank and in hand	24,200	130,865
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Change in the balance of cash and cash equivalents

1 April	130,865	76,569
Net cash (outflow)/inflow for year	(106,665)	54,296
31 March	24,200	130,865

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL COMMITMENTS

(1) Operating leases

Land and buildings

At 31 March 1994 the company had annual commitments under non-cancellable operating leases as follows:

	1994 £	1993 £
Expiry date:		
In over five years	10,750	10,750

(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

The emoluments of directors of the company were:

Fees and other emoluments (including pension contributions and benefits-in-kind)	48,733	45,905
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(2) Bandings

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

The chairman	-	-
The highest-paid director	44,433	41,342

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

	Number	Number
£0 - £5,000	2	2

MITIE ENGINEERING SERVICES (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 EMPLOYEES

(1) Number of employees

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

	1994 Number	1993 Number
Site labour	27	25
Administration and management	11	10
	38	35

(2) Employment costs

	£	£
Wages and salaries	589,553	533,659
Social security costs	58,587	52,405
Other pension costs	9,185	4,090
	657,325	590,154

18 ULTIMATE PARENT UNDERTAKING

The company is a subsidiary undertaking of MITIE Engineering Services Limited, a company registered in England and Wales, which owns 75% of the issued share capital. The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking. Copies of the MITIE Group PLC financial statements can be obtained from the company secretary at the registered office.