

Company Registration No. 1591890

**MAINTENANCE & TECHNICAL MANAGEMENT
(NORTHERN) LIMITED**

Report and Financial Statements

31 December 2000

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN



MAINTENANCE & TECHNICAL MANAGEMENT (NORTHERN) LIMITED
REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P D Skett (Chairman)
D R Gwilliams
M W Baker

SECRETARY

W L Spencer

REGISTERED OFFICE

Intersection House
Birmingham Road
West Bromwich
West Midlands
B70 6RX

BANKERS

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

REPORT OF THE DIRECTORS'

The directors present their annual report and the audited financial statements for the year ended 31st December 2000.

ACTIVITIES

The company has not traded since 31st March 1999.

RESULTS

The company remained dormant throughout the year, however, results of the last period of trading are set out on page 7. An interim dividend of £723,111 was paid in 1999, final dividend nil. Losses of £563,589 after dividends were transferred from reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are set out below:-

P D Skett (Chairman)

D R Gwilliams

M W Baker

In accordance with the Articles of Association directors are not required to retire by rotation.

The interests of the directors at 31st December 2000 in the capital of the ultimate parent undertakings are as stated below:-

REPORT OF THE DIRECTORS (continued)

	<u>Shares of 10p each</u>		<u>Options over Shares of 10p each</u>		<u>Exercise Price p</u>	<u>Period of Exercise</u>
	<u>31.12.99</u>	<u>31.12.00</u>	<u>31.12.99</u>	<u>31.12.00</u>		
<u>Interserve Plc</u> (formerly Tilbury Douglas plc)						
P D Skett	107,205	50,205	14,150	14,150	212.00	07.10.01-06.10.08
			25,850	25,850	212.00	07.10.01-06.10.05
			-	60,000	346.00	14.06.00-14.06.03
D R Gwilliams	26,075	15,175	-	8,670	346.00	14.07.03-14.07.07
				1,330	346.00	14.07.03-14.07.03
M W Baker	1,831	1,831	-		-	-
<u>Loan Notes of £1 each</u>						
P D Skett	251,708	179,708				

The market price of Interserve Plc (formerly Tilbury Douglas Plc) shares at 31st December 2000 was 495 pence (the Stock Exchange was closed 31st December). The high/low during the year was:- 510 pence and 252 pence.

EMPLOYEES

The company has an established policy that disabled persons, especially should they become disabled in the course of their employment with the company, are employed where circumstances permit. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with other employees.

POLICY ON PAYMENT OF CREDITORS

It is the company's normal practice to agree payment terms with it's suppliers and abide by those terms. Payment becomes due when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. At 31 December 2000 there were no creditors in the company.

REPORT OF THE DIRECTORS (continued)

AUDITORS

Resolutions will be proposed at the annual general meeting to re-appoint Deloitte & Touche as auditors to the company and to authorise the directors to fix their remuneration.

Intersection House]
110 Birmingham Road]
West Bromwich]
West Midlands]
B70 6RX]

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

A handwritten signature in black ink, appearing to be 'D R Gwilliams', enclosed within a large, hand-drawn oval loop.

D R Gwilliams
Director
14th June 2001

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 for that period. In preparing those financial statements, the directors are required to:

- . select suitable accounting policies and then apply them consistently;
- . make judgments and estimates that are reasonable and prudent;
- . state whether applicable accounting standards have been followed .
- . 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF MAINTENANCE AND TECHNICAL MANAGEMENT (NORTHERN) LIMITED

We have audited the financial statements on pages 7 to 13 which have been prepared under the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 December 2000 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Colmore Gate
Birmingham
B3 2BN

15 June 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2000

	NOTE	2000 £	1999 £
TURNOVER	1	-	2,534,150
Cost of sales		<u>-</u>	<u>(2,069,788)</u>
GROSS PROFIT		-	464,362
Administration expenses		<u>-</u>	<u>(254,576)</u>
OPERATING PROFIT	3	-	209,786
Interest receivable	6	<u>-</u>	<u>11,662</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	221,448
Tax on profit on ordinary activities	7	<u>-</u>	<u>(61,926)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	159,522
Dividends paid	8	<u>-</u>	<u>(723,111)</u>
RETAINED (LOSS) FOR THE YEAR TRANSFERRED (FROM) RESERVES	12	<u>-</u>	<u>(563,589)</u>

All activities derive from operations discontinued at 31st March 1999.

A statement of Total Recognised Gains and Losses is not presented as there have been no recognised gains or losses other than the profit/(loss) for the year and profit for the preceding year set out above.

BALANCE SHEET AT 31ST DECEMBER 2000

	<u>NOTE</u>	2000	1999
		£	£
CURRENT ASSETS			
Debtors	9	50,000	50,000
Cash at bank and in hand		-	-
		<u>50,000</u>	<u>50,000</u>
NET CURRENT ASSETS		<u>50,000</u>	<u>50,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50,000</u>	<u>50,000</u>
CAPITAL AND RESERVES			
Called up share capital	11	<u>50,000</u>	<u>50,000</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>50,000</u>	<u>50,000</u>

These financial statements were approved by the Board of Directors on 14th June 2001.

Signed on behalf of the Board of Directors.

D R Gwilliams
DIRECTOR

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with the historical cost convention.

TURNOVER

Turnover represents the invoiced value of goods supplied and services rendered as adjusted by the variation between opening and closing valuations of contracts in progress and after making full provision for potential claims and allowances.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided on a straight-line basis calculated to write down their cost over their estimated useful economic lives at the following annual rates:

Furniture and Office Equipment	-	20%
Motor Vehicles	-	25%

Site equipment and other items of comparatively low value are normally written off in the year of purchase as revenue expenditure on the grounds that the life expectancy of such assets can not be predicted with reasonable certainty, although it is likely to be less than three years in most instances.

OPERATING LEASES

Operating lease rentals are charged on a straight line basis over the lease terms.

CONTRACTS IN PROGRESS

Contracts in progress are valued individually at the lower of cost, including related overheads, and estimated net realisable value, provision being made for anticipated future losses where appropriate.

PENSION

The company participates in the Tilbury Douglas Pension Scheme which is of the defined benefit type and covers all employees who are permanent members of staff who have elected to join. Actuarial valuations are carried out every three years by independent qualified actuaries. The surplus in the Tilbury Douglas Pension Scheme, after off-setting regular pension costs and allowing for accruing interest, will, in accordance with SSAP24, Accounting for Pension Costs, be released to the profit and loss account of Interserve Plc (formerly Tilbury Douglas Plc) over the average remaining service of life employees. No charge will be made to the profit and loss account of the company until the surplus has been extinguished.

In addition, the company contributes to a number of defined contribution schemes operated within the Construction Industry for the benefit of operatives and other personnel not eligible to participate in the staff Pension Scheme. The costs of these Schemes are charged to the profit and loss account as the contributions become payable.

DEFERRED TAXATION

Provision is made and relief is taken at projected rates of taxation for timing differences between the treatment of certain items for taxation and for accounting purposes to the extent that liabilities or assets are likely to crystallise in the foreseeable future.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

2. SEGMENTAL ANALYSIS

The Company's turnover arises in the U.K. from its ordinary activities.

	2000 £	1999 £
3. OPERATING LOSS		
Operating loss is arrived at after charging:		
Depreciation		
On owned assets	-	1,593
Rentals under operating leases		
Hire of plant, machinery and vehicles	-	56,326
Land & Buildings	-	5,470
Remuneration payable to auditors		
Audit fees	-	900

4. EMPLOYEES

	Number	Number
The average number employed by the company (including directors) within each category of persons was:		
Production	-	126
Administration	-	43
	-	169
The costs incurred in respect of these employees (including directors) were:		
Wages and salaries	-	776,372
Social Security costs	-	75,292
Other pension costs	-	21,717
	-	873,381

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

5. DIRECTORS	2000 £	1999 £
Remuneration	-	13,334
Pension contributions	-	1,373
	<u>-</u>	<u>14,707</u>

All directors are members of the How Group Staff Pension and Life Assurance Scheme

6. INTEREST RECEIVABLE	2000 £	1999 £
Group interest	<u>-</u>	<u>11,662</u>
7. TAX ON PROFIT ON ORDINARY ACTIVITIES		
UK Corporation tax at 30% (1999 - 30%)	<u>-</u>	<u>61,926</u>
8. DIVIDENDS		
On 50,000 ordinary shares of £1 each.		
Interim dividend paid of £14.46 per share.	<u>-</u>	<u>723,111</u>

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

9. DEBTORS	2000 £	1999 £
Amounts recoverable on contract	-	-
Trade debtors	-	-
Amounts owed by group undertakings	50,000	50,000
Other debtors	-	-
Deferred taxation	-	-
	<u>50,000</u>	<u>50,000</u>
10. DEFERRED TAXATION		
Deferred taxation - provided and potential		
(a) Movement in year		
1st January 2000	-	(51,586)
Transfer from group company	-	51,586
31st December 2000	<u>-</u>	<u>-</u>
11. CALLED UP SHARE CAPITAL		
Authorised		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted and fully paid		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
12. PROFIT AND LOSS ACCOUNT		
At 1st January 2000	-	
Profit/Loss for the year	<u>-</u>	
At 31st December 2000	<u>-</u>	
13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Profit attributable to shareholders	-	159,522
Dividends	-	(723,111)
Net movement in year	-	(563,589)
Opening shareholders' funds	<u>50,000</u>	<u>613,589</u>
Closing shareholders' funds	<u>50,000</u>	<u>50,000</u>

14. CONTINGENT LIABILITIES

At 31st December 2000 there were contingent liabilities in respect of guarantees given in the ordinary course of business. The company have given guarantees covering banking facilities made available to its ultimate parent company and fellow subsidiary undertakings. At 31st December 2000 these amounted to £75,857,000 (1999 - £85,131,000).

15. CASH FLOW STATEMENT

The company is not presenting a cash flow statement. It has taken advantage of the exemption contained in Financial Reporting Standard 1 (Revised) - Cash Flow Statements, as the ultimate parent undertaking, Interserve Plc (formerly Tilbury Douglas Plc), has included a consolidated cash flow statement in the group accounts.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

16. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's ultimate parent undertaking and ultimate controlling party is Interserve Plc (formerly Tilbury Douglas Plc), which is incorporated in Great Britain. Interserve *fm* Limited is the parent undertaking of the smallest group of which Maintenance & Technical Management (London) Limited is a member and for which group accounts are drawn up. The Group accounts of Interserve Plc (formerly Tilbury Douglas Plc) and Interserve *fm* Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 - Related Party Transactions not to report transactions with Investee Companies in the Tilbury Douglas Group are disclosed in the consolidated financial statements of Interserve Plc (formerly Tilbury Douglas Plc).

ADDITIONAL INFORMATION

The additional information on pages 15 and 16 has been prepared from the accounting records of the Company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

TRADING ACCOUNT YEAR ENDED 31 DECEMBER 2000

		<u>2000</u>		<u>1999</u>
	£	£	£	£
TURNOVER				
Sales		-		2,461,180
Add: Closing work in progress		-		574,300
		-		3,035,480
Less: Opening work in progress		-		(501,330)
		-		2,534,150
COST OF SALES				
Direct costs:				
Materials and other external charges	-		1,087,871	
Direct labour	-		810,055	
Operatives' expenses	-		10,379	
Plant hire	-		12,068	
		-		1,920,373
Indirect costs:				
Operatives' NI	-		64,409	
Pension costs	-		3,160	
Consumables	-		188	
Commercial vehicle depreciation	-		1,231	
Commercial vehicle expenses	-		80,427	
		-		149,415
		-		2,069,788
GROSS PROFIT		-		464,362
Less: Overheads (per attached schedule)		-		(242,914)
PROFIT ON ORDINARY ACTIVITIES		-		221,448

SCHEDULE OF OVERHEAD EXPENSES YEAR ENDED 31 DECEMBER 2000

	<u>2000</u>	<u>1999</u>
£	£	£
Staff salaries and temporary staff	-	96,946
Staff NI	-	10,883
Group management and finance charges	-	57,189
Rent and rates	-	8,868
Insurance	-	9,832
Lighting and heating	-	623
Pension and welfare schemes	-	21,476
Printing, stationery, drawing office material and advertising	-	3,448
Telephone	-	11,177
Travelling expenses and entertaining	-	2,461
Postage, cleaning and sundry trade expenses	-	8,476
Motor expenses	-	6,625
Vehicle contract hire	-	15,679
Subscriptions	-	710
Audit and accountancy charges	-	900
Bank charges	-	639
Consultancy fees	-	-
Repairs and renewals:	-	-
Furniture and office equipment	-	530
	-	530
Training costs	-	(36)
Legal and professional charges	-	75
Depreciation:	-	-
Computers	-	361
Computer costs	-	(1,877)
	-	254,985
Deduct: Miscellaneous income:	-	-
Interest received	-	(11,662)
Discounts received	-	(409)
	-	(12,071)
NET OVERHEAD EXPENSES	-	242,914