

**MITIE PROPERTY INVESTMENTS LIMITED**

**Report and Financial Statements**

**31 March 1998**

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





**REPORT AND FINANCIAL STATEMENTS 1998**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
W E Harding  
Mrs R E Thornton

**SECRETARIES**

A F Waters  
M O Thomas

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wrington  
Bristol  
BS40 5SA

**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 annual report and financial statements for the year ended 31 March 1998.

### **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 to 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 owns freehold and leasehold properties which in general are let to members of the group.

On 31 March 1998 the company acquired the trading assets and liabilities of Roughey Estates Limited, a fellow subsidiary of MITIE Group PLC for £100, being the net book value as at that date.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £50,212 (1997: £47,118). The directors do not propose the payment of a dividend and recommend that £50,212 be transferred to reserves.

The company enjoys the support of its parent undertaking.

### **FIXED ASSETS**

Details of movements in fixed assets during the year are set out in Note 5 to the financial statements.

### **DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
W E Harding  
Mrs R E Thornton

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

**DIRECTORS' REPORT (continued)**

**DIRECTORS AND THEIR INTERESTS (continued)**

Messrs D M Telling and W E Harding 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' interests in the share capital of MITIE Group PLC are as follows:

|                  | 31 March 1998<br>10p Ordinary shares<br>No. | 1 April 1997<br>10p Ordinary shares<br>No. |
|------------------|---|--|
| Mrs R E Thornton | 400,000                                     | 410,400                                    |

**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.

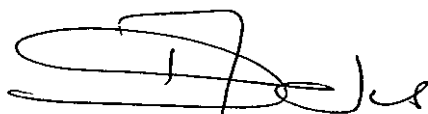
**YEAR 2000**

The company is in the process of preparing a detailed report including an assessment of our relationship with customers as well as suppliers. It covers all our internal systems, and looks into telephone, security and access systems. An action plan is being developed in order to ensure that our systems are year 2000 compliant. Costs in the year to 31 March 1998 were not significant and we estimate that further costs will not be material.

**AUDITORS**

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 1998



## Chartered Accountants

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

Telephone: National 0117 921 1622  
International + 44 117 921 1622  
Fax (Gp. 3): 0117 929 2801

## AUDITORS' REPORT TO THE MEMBERS OF MITIE PROPERTY INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the 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 the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

17 August 1998

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1998**

|  | Notes | Continuing operations<br>1998<br>£ | 1997<br>£ |
|--|-------|------------------------------------|-----------|
| Rents receivable                                     |       | 520,298                            | 463,738   |
| Administrative expenses                              |       | (129,714)                          | (113,378) |
| <b>OPERATING PROFIT</b>                              | 2     | 390,584                            | 350,360   |
| Interest payable                                     | 3     | (297,039)                          | (264,595) |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |       | 93,545                             | 85,765    |
| Tax on profit on ordinary activities                 | 4     | (43,333)                           | (38,647)  |
| <b>RETAINED PROFIT FOR THE YEAR</b>                  | 10    | 50,212                             | 47,118    |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 March 1998**

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| Profit for the financial year            | 50,212    | 47,118    |
| Depreciation adjustment                  | 10,032    | 10,032    |
| <b>TOTAL RECOGNISED GAINS AND LOSSES</b> | 60,244    | 57,150    |

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**Year ended 31 March 1998**

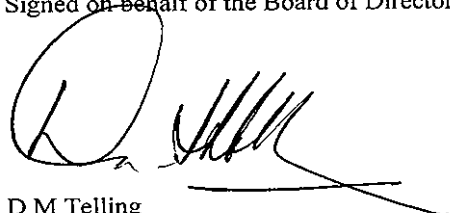
|   | 1998<br>£ | 1997<br>£ |
|---|-----------|-----------|
| Reported profit on ordinary activities before taxation  | 93,545    | 85,765    |
| Realisation of property revaluation losses of previous year   | (71,100)  | -         |
| Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | 10,032    | 10,032    |
| <b>Historical cost profits on ordinary activities before taxation</b>   | 32,477    | 95,797    |
| <b>Historical cost (losses)/profits for the year retained after taxation and dividends</b>  | (10,856)  | 57,150    |

**BALANCE SHEET**  
**At 31 March 1998**

|   | Notes | 1998        |                  | 1997        |                  |
|---|-------|-------------|------------------|-------------|------------------|
|   |       | £           | £                | £           | £                |
| <b>FIXED ASSETS</b>                                       |       |             |                  |             |                  |
| Tangible assets   | 5     |             | 4,491,663        |             | 4,008,975        |
| <b>CURRENT ASSETS</b>                                     |       |             |                  |             |                  |
| Debtors   | 6     | 35,831      |                  | 24,547      |                  |
| <b>CREDITORS: AMOUNTS FALLING DUE<br/>WITHIN ONE YEAR</b> | 7     | (4,655,187) |                  | (4,221,459) |                  |
| <b>NET CURRENT LIABILITIES</b>                            |       |             | (4,619,356)      |             | (4,196,912)      |
| <b>NET LIABILITIES</b>                                    |       |             | <u>(127,693)</u> |             | <u>(187,937)</u> |
| <b>CAPITAL AND RESERVES</b>                               |       |             |                  |             |                  |
| Called up share capital                                   | 8     |             | 300              |             | 300              |
| Revaluation reserve                                       | 9     |             | (602,401)        |             | (683,533)        |
| Profit and loss account                                   | 9     |             | 474,408          |             | 495,296          |
| <b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>                   |       |             | <u>(127,693)</u> |             | <u>(187,937)</u> |

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



D M Telling  
 Director

14 August 1998



**CASH FLOW STATEMENT**  
**Year ended 31 March 1998**

|   | Notes | 1998      |           | 1997      |           |
|---|-------|-----------|-----------|-----------|-----------|
|   |       | £         | £         | £         | £         |
| <b>Net cash inflow from operating activities</b>                        | 11    |           | 432,674   |           | 406,390   |
| <b>Returns on investments and servicing of finance</b>                  |       |           |           |           |           |
| Interest paid   |       |           | (297,304) |           | (267,192) |
| <b>Taxation</b>   |       |           |           |           |           |
| UK corporation tax paid   |       |           | (38,133)  |           | (96,847)  |
| <b>Capital expenditure</b>  |       |           |           |           |           |
| Payments to acquire tangible fixed assets                               |       | (666,494) |           | (239,040) |           |
| Receipts from disposal of tangible fixed assets                         |       | 198,681   |           | -         |           |
| <b>Net cash outflow from capital expenditure</b>                        |       |           | (467,813) |           | (239,040) |
| <b>Acquisitions and disposals</b>                                       |       |           |           |           |           |
| Net overdraft transferred from group undertaking                        |       |           | (60,535)  |           | -         |
| <b>Cash outflow before management of liquid resources and financing</b> |       |           | (431,111) |           | (196,689) |
| <b>Financing</b>  |       |           |           |           |           |
| Debt due beyond a year:   |       |           |           |           |           |
| Repayment of secured loan   |       |           | -         |           | (490,000) |
| <b>Decrease in cash in the year</b>                                     | 13    |           | (431,111) |           | (686,689) |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention, as modified for the revaluation of freehold and leasehold properties, and are prepared in accordance with applicable accounting standards.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation, less depreciation. Land is not depreciated. Depreciation is provided on all other 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:

|                     |                    |
|---------------------|--------------------|
| Freehold buildings  | 50 years           |
| Leasehold buildings | Terms of the lease |
| Plant               | 10 years           |

**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.

|  |                   |                   |
|--|-------------------|-------------------|
| <b>2. OPERATING PROFIT</b> is stated after charging/(crediting): | <b>1998</b>       | <b>1997</b>       |
|  | <b>£</b>          | <b>£</b>          |
| Depreciation   | 83,046            | 78,836            |
| Auditors' remuneration: audit services                           | 750               | 750               |
| Profit on disposal of fixed assets                               | (16,120)          | -                 |
|  | <u>          </u> | <u>          </u> |
| <br><b>3. INTEREST PAYABLE</b>                                   | <br><b>1998</b>   | <br><b>1997</b>   |
|  | <b>£</b>          | <b>£</b>          |
| Interest payable on bank borrowings repayable within five years  | 297,039           | 264,595           |
|  | <u>          </u> | <u>          </u> |
| <br><b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>               | <br><b>1998</b>   | <br><b>1997</b>   |
|  | <b>£</b>          | <b>£</b>          |
| <b>UK current year taxation</b>                                  |                   |                   |
| UK corporation tax at 31% (1997: 33%)                            | 44,000            | 38,800            |
| Over provision in previous year                                  | (667)             | (153)             |
|  | <u>          </u> | <u>          </u> |
|  | 43,333            | 38,647            |
|  | <u>          </u> | <u>          </u> |

The tax charge is higher than anticipated due to timing differences arising from the method by which tax relief is given for capital expenditure.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**5. TANGIBLE FIXED ASSETS**

| <b>Summary</b>           | <b>Freehold<br/>properties<br/>£</b> | <b>Long<br/>leasehold<br/>properties<br/>£</b> | <b>Plant<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------|--------------------------------------|--|--------------------|--------------------|
| <b>Cost or valuation</b> |                                      |  |                    |                    |
| At 1 April 1997          | 3,451,680                            | 575,301  | 130,397            | 4,157,378          |
| Additions at cost        | 664,915                              | -  | 1,579              | 666,494            |
| Transfers in             | 75,000                               | -  | -                  | 75,000             |
| Disposals                | (190,000)                            | -  | -                  | (190,000)          |
| At 31 March 1998         | 4,001,595                            | 575,301  | 131,976            | 4,708,872          |
| <b>Depreciation</b>      |                                      |  |                    |                    |
| At 1 April 1997          | 90,526                               | 18,412   | 39,465             | 148,403            |
| Charge for the year      | 50,619                               | 9,206  | 13,189             | 73,014             |
| Transfers in             | 3,231                                | -  | -                  | 3,231              |
| Disposals                | (7,439)                              | -  | -                  | (7,439)            |
| At 31 March 1998         | 136,937                              | 27,618   | 52,654             | 217,209            |
| <b>Net book value</b>    |                                      |  |                    |                    |
| At 31 March 1998         | 3,864,658                            | 547,683  | 79,322             | 4,491,663          |
| At 31 March 1997         | 3,361,154                            | 556,889  | 90,932             | 4,008,975          |

The historical cost of the properties at 31 March 1998 was £5,212,670 (1997: £4,733,856).

Land amounting to £1,514,799 is not depreciated.

| <b>Analysis of properties</b>                       | <b>1998<br/>£</b> | <b>1997<br/>£</b> |
|---|-------------------|-------------------|
| Land and buildings at cost or valuation are stated: |                   |                   |
| At open market value for existing use in 1995       | 3,530,000         | 3,720,000         |
| At cost   | 1,046,896         | 306,981           |
|   | <u>4,576,896</u>  | <u>4,026,981</u>  |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

|  |                            |                                |
|--|----------------------------|--------------------------------|
| <b>6. DEBTORS</b>  | <b>1998</b>                | <b>1997</b>                    |
|  | <b>£</b>                   | <b>£</b>                       |
| Amounts owed by parent undertaking and fellow subsidiary undertakings          | 20,147                     | 20,147                         |
| Prepayments and accrued income   | 10,250                     | 4,400                          |
| Other taxes  | 5,434                      | -                              |
|  | <u>35,831</u>              | <u>24,547</u>                  |
| <b>7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>                       | <b>1998</b>                | <b>1997</b>                    |
|  | <b>£</b>                   | <b>£</b>                       |
| Bank overdraft   | 4,469,382                  | 4,038,271                      |
| Amounts owed to parent undertaking and fellow subsidiary undertakings          | 11,334                     | 4,222                          |
| Other creditors  | 1,200                      | 1,230                          |
| Accruals   | 129,271                    | 127,646                        |
| Corporation tax  | 44,000                     | 38,800                         |
| Other taxes  | -                          | 11,290                         |
|  | <u>4,655,187</u>           | <u>4,221,459</u>               |
| <b>8. CALLED UP SHARE CAPITAL</b>  |                            |                                |
| <b>Authorised</b>  | <b>1998</b>                |                                |
|  | <b>No.</b>                 | <b>£</b>                       |
| £1 Ordinary shares   | 1,000                      | 1,000                          |
|  | <u>1,000</u>               | <u>1,000</u>                   |
| <b>Allotted and fully paid</b>   | <b>1998</b>                | <b>1997</b>                    |
|  | <b>£</b>                   | <b>£</b>                       |
| £1 Ordinary shares   | 300                        | 300                            |
|  | <u>300</u>                 | <u>300</u>                     |
| <b>9. RESERVES</b>   | <b>Revaluation reserve</b> | <b>Profit and loss account</b> |
|  | <b>£</b>                   | <b>£</b>                       |
| At 1 April 1997  | (683,533)                  | 495,296                        |
| Depreciation adjustment  | 10,032                     | -                              |
| Retained profit for the year   | -                          | 50,212                         |
| Transfer of realised revaluation reserve in respect of disposal of fixed asset | 71,100                     | (71,100)                       |
| <b>At 31 March 1998</b>  | <u>(602,401)</u>           | <u>474,408</u>                 |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

|  |                            |                             |
|--|----------------------------|-----------------------------|
| <b>10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>                                  | <b>1998</b>                | <b>1997</b>                 |
|  | <b>£</b>                   | <b>£</b>                    |
| Profit for the financial year  | 50,212                     | 47,118                      |
| Other recognised gains and losses relating to the year   | 10,032                     | 10,032                      |
| Net addition in shareholders' funds  | 60,244                     | 57,150                      |
| Opening shareholders' funds  | (187,937)                  | (245,087)                   |
| Closing shareholders' funds  | <u>(127,693)</u>           | <u>(187,937)</u>            |
| <br><b>11. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b> | <br><b>1998</b>            | <br><b>1997</b>             |
|  | <b>£</b>                   | <b>£</b>                    |
| Operating profit   | 390,584                    | 350,360                     |
| Depreciation charges   | 83,046                     | 78,836                      |
| Profit on disposal of fixed assets   | (16,120)                   | -                           |
| Increase in debtors  | (11,284)                   | (1,610)                     |
| Decrease in creditors  | (13,552)                   | (21,196)                    |
| Net cash inflow from operating activities  | <u>432,674</u>             | <u>406,390</u>              |
| <br><b>12. ANALYSIS OF CHANGES IN NET DEBT</b>   | <br><b>At 1 April 1997</b> | <br><b>At 31 March 1998</b> |
|  | <b>£</b>                   | <b>£</b>                    |
| Bank overdraft   | <u>(4,038,271)</u>         | <u>(4,469,382)</u>          |
| <br><b>13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>                         | <br><b>1998</b>            | <br><b>1997</b>             |
|  | <b>£</b>                   | <b>£</b>                    |
| Decrease in cash in the year   | (431,111)                  | (686,689)                   |
| Cash outflow from decrease in debt and lease financing   | -                          | 490,000                     |
| Change in net debt resulting from cash flows   | (431,111)                  | (196,689)                   |
| Net debt at 1 April  | (4,038,271)                | (3,841,582)                 |
| Net debt at 31 March   | <u>(4,469,382)</u>         | <u>(4,038,271)</u>          |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**14. TRANSFER OF ASSETS FROM ROUGHEY ESTATES LIMITED**

|                              | £        |
|------------------------------|----------|
| Net assets acquired:         |          |
| Tangible fixed assets        | 71,769   |
| Bank and cash                | (60,535) |
| Accruals                     | (2,279)  |
| Creditors                    | (8,855)  |
|                              | <hr/>    |
| Total purchase consideration | 100      |
| Included in creditors        | (100)    |
|                              | <hr/>    |
| Net cash effect              | <u>-</u> |

No adjustments were made to the book value of assets acquired in arriving at the fair value.

**15. FINANCIAL COMMITMENTS**

**Commitments on behalf of group undertakings**

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts. As at 31 March 1998, the overall commitment was nil.

**16. DIRECTORS AND EMPLOYEES**

The company had no employees during the year (1997: £nil). The directors received no remuneration from the company during the year (1997: £nil). The directors are directors of other MITIE group companies and their remuneration is shown in those accounts.

**17. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of MITIE Group PLC, MITIE Property Investments Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

**18. PARENT UNDERTAKING**

The directors regard MITIE Group PLC, a company registered 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.