

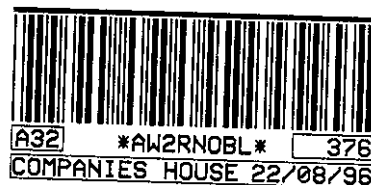
**Company Number 2323597**

**MITIE CONTRACT SERVICES (EASTERN) LIMITED**

**Report and Financial Statements**

**31 March 1996**

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





**REPORT AND FINANCIAL STATEMENTS 1996**

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**REPORT AND FINANCIAL STATEMENTS 1996**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling (Chairman)  
M V Knights  
M D Lawrence

**SECRETARIES**

A F Waters  
M O Thomas

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wroughton  
Bristol  
BS18 7SA

**BANKERS**

National Westminster Bank plc  
32 Corn Street  
Bristol  
BS99 7UG

**AUDITORS**

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

## **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 March 1996.

### **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 principal activity of the company during the year was painting and building maintenance contracting.

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 £47,570 (1995: £23,542). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed 12p per share	12,120
Transfer to reserves	35,450
	<hr/> 47,570 <hr/>

### **FIXED ASSETS**

Details of movements in fixed assets during the year are set out in Note 6 to the financial statements.

**DIRECTORS' REPORT (continued)**

**DIRECTORS**

The directors during the year were as follows:

D M Telling (Chairman)  
 M V Knights  
 M D Lawrence  
 J C Havell (resigned 31 May 1995)  
 N G Upsher (deceased 31 May 1995)

The beneficial interest of the directors and their families in the share capital and loan stock of the company at the beginning and end of the year are:

	31 March 1996		1 April 1995	
	£1 'B' ordinary shares Number	Unsecured loan stock £	£1 'B' ordinary shares Number	Unsecured loan stock £
M V Knights	15,682	-	4,000	6,000
M D Lawrence	15,682	-	4,000	6,000

Mr D M Telling is a director of MITIE Group PLC, the parent undertaking, and his interest in the share capital of that company is shown in the financial statements of MITIE Group PLC.

No other director held an interest in the share capital of MITIE Group PLC at the year end.

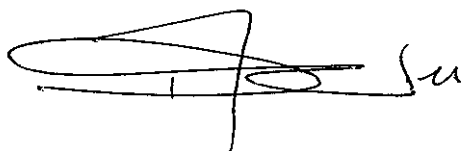
**PAYMENT POLICY**

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.

**AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. 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 1996



## 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 CONTRACT SERVICES (EASTERN) LIMITED

We have audited the financial statements on pages 5 to 15 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

*19 August 1996*

**DELOITTE & TOUCHE**  
Chartered Accountants and  
Registered Auditors

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1996**

	Notes	Continuing operations 1996 £	1995 £
<b>TURNOVER</b>		1,820,833	1,401,822
Cost of sales		(1,436,140)	(1,050,881)
<b>GROSS PROFIT</b>		384,693	350,941
Administrative expenses		(310,752)	(305,603)
<b>OPERATING PROFIT</b>	2	73,941	45,338
Interest receivable	3	843	-
Interest payable	3	(4,328)	(8,197)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		70,456	37,141
Tax on profit on ordinary activities	4	(22,886)	(13,599)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		47,570	23,542
Dividends	5	(12,120)	-
<b>RETAINED PROFIT FOR THE YEAR</b>	12	35,450	23,542

There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

**BALANCE SHEET**  
**31 March 1996**

	Notes	1996		1995	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		46,999		58,214
<b>CURRENT ASSETS</b>					
Work in progress	7	189,638		226,374	
Debtors	8	178,889		182,275	
Cash at bank and in hand		122,423		500	
		<u>490,950</u>		<u>409,149</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(415,785)</u>		<u>(380,649)</u>	
<b>Net current assets</b>			<u>75,165</u>		<u>28,500</u>
<b>Total assets less current liabilities</b>			<u>122,164</u>		<u>86,714</u>
<b>CREDITORS: amount falling due after more than one year</b>	10		<u>-</u>		<u>(24,000)</u>
<b>NET ASSETS</b>			<u>122,164</u>		<u>62,714</u>
<b>CAPITAL AND RESERVES</b>					
<b>Called up share capital</b>	11				
Equity shares		101,000		60,000	
Non-equity shares		<u>-</u>		<u>17,000</u>	
			101,000		77,000
<b>Profit and loss account</b>	12				
Equity		21,164		(11,132)	
Non-equity		<u>-</u>		<u>(3,154)</u>	
			<u>21,164</u>		<u>(14,286)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>			<u>122,164</u>		<u>62,714</u>

These financial statements were approved by the Board of Directors on 14 August 1996

Signed on behalf of the Board of Directors



D M Telling  
Director



**CASH FLOW STATEMENT**  
**Year ended 31 March 1996**

	Notes	1996		1995	
		£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	14		261,074		(67,272)
<b>Returns on investments and servicing of finance</b>					
Interest received		520		-	
Interest paid		(5,838)		(7,052)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(5,318)		(7,052)
<b>Taxation</b>					
UK Corporation tax paid			(13,436)		(6,799)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(24,858)		(38,978)	
Sale of tangible fixed assets		16,948		4,675	
<b>Net cash outflow from investing activities</b>			(7,910)		(34,303)
<b>Net cash inflow/(outflow) before financing</b>			234,410		(115,426)
<b>Financing</b>					
Issue of share capital		24,000		-	
Redemption of loan stock		(24,000)		-	
<b>Net cash inflow from financing</b>			-		-
<b>Increase/(decrease) in cash and cash equivalents</b>	15		234,410		(115,426)



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable 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.

**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:

Plant and office equipment	4 to 10 years
Motor vehicles	4 years

**Work in progress**

Work in progress is valued at the lower of cost (including appropriate overheads) and net realisable value. Provision is made for foreseeable losses.

**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.

**Pension costs**

Pension costs represent amounts recharged to the company by MITIE Group PLC in respect of contributions to the group's pension scheme. Details of the scheme are given in the financial statements of MITIE Group PLC.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

<b>2. OPERATING PROFIT</b> is stated after charging/(crediting):	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Depreciation	19,133	27,441
Auditors' remuneration: audit services	1,500	1,500
Profit on disposal of fixed assets	(8)	(2,443)
	<u>          </u>	<u>          </u>
 <b>3. INTEREST</b>	 <b>1996</b>	 <b>1995</b>
<b>(1) Interest receivable</b>	<b>£</b>	<b>£</b>
Bank interest receivable	843	-
	<u>          </u>	<u>          </u>
 <b>(2) Interest payable</b>		
Bank interest payable	4,328	8,197
	<u>          </u>	<u>          </u>
 <b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	 <b>1996</b>	 <b>1995</b>
	<b>£</b>	<b>£</b>
<b>UK current year taxation</b>		
UK Corporation Tax at 33% (1995: 33%)	23,500	14,050
Prior year	(614)	(451)
	<u>22,886</u>	<u>13,599</u>
 <b>5. DIVIDENDS</b>	 <b>1996</b>	 <b>1995</b>
	<b>£</b>	<b>£</b>
'A' ordinary 12p (1995: Nil) per share	7,200	-
'B' ordinary 12p (1995: Nil) per share	4,920	-
	<u>12,120</u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**6. TANGIBLE FIXED ASSETS**

**(1) Summary**

	<b>Plant and office equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
1 April 1995	9,933	112,467	122,400
Additions	1,858	23,000	24,858
Transfers out	-	(24,395)	(24,395)
Disposals	-	(4,849)	(4,849)
<b>31 March 1996</b>	<b>11,791</b>	<b>106,223</b>	<b>118,014</b>
<b>Depreciation</b>			
1 April 1995	2,297	61,889	64,186
Charge for the year	2,176	16,957	19,133
Transfers out	-	(11,698)	(11,698)
Disposals	-	(606)	(606)
<b>31 March 1996</b>	<b>4,473</b>	<b>66,542</b>	<b>71,015</b>
<b>Net book value</b>			
<b>31 March 1996</b>	<b>7,318</b>	<b>39,681</b>	<b>46,999</b>
 31 March 1995	 7,636	 50,578	 58,214

**(2) Capital commitments**

At 31 March 1996 the directors had authorised capital expenditure of £12,000 (1995: £17,000).

**7. WORK IN PROGRESS**

	<b>1996 £</b>	<b>1995 £</b>
Work in progress	445,457	301,171
Cash received on account	(255,819)	(74,797)
	<b>189,638</b>	<b>226,374</b>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

<b>8. DEBTORS</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Trade debtors	170,250	179,631
Prepayments and accrued income	7,409	2,644
Advance corporation tax recoverable	1,230	-
	<u>178,889</u>	<u>182,275</u>

<b>9. CREDITORS: amounts falling due within one year</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Bank overdraft	-	112,487
Trade creditors	274,320	166,671
Other taxes and social security costs	83,122	53,480
Other creditors	60	294
Accruals and deferred income	17,688	26,903
Payments on account	3,745	6,764
Corporation tax	24,730	14,050
Proposed dividend	12,120	-
	<u>415,785</u>	<u>380,649</u>

<b>10. CREDITORS: amounts falling due after more than one year</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Unsecured loan stock 2000	<u>-</u>	<u>24,000</u>

The unsecured loan stock was redeemed at par on 10 January 1996.

<b>11. CALLED UP SHARE CAPITAL</b>	<b>1996</b>	
<b>(1) Authorised</b>	<b>Number</b>	<b>£</b>
£1 'A' ordinary shares	60,000	60,000
£1 'B' ordinary shares	45,000	45,000
	<u>105,000</u>	<u>105,000</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**11. CALLED UP SHARE CAPITAL (continued)**

<b>(2) Allotted and fully paid</b>	<b>1996 £</b>	<b>1995 £</b>
£1 'A' ordinary shares	60,000	60,000
£1 'B' ordinary shares	41,000	17,000
	<u>101,000</u>	<u>77,000</u>

24,000 shares were issued at par in the year to provide working capital for the company.

**(3) Rights attached to shares**

The holders of the £1 'A' ordinary shares and the £1 'B' ordinary shares are entitled to a dividend as decided by the Board. Thereafter, MITIE Group PLC, the holder of the £1 'A' ordinary shares, is entitled to one half of the company's annual profits available for distribution less the above amount already paid, together with any arrears of such cumulative dividends unpaid from any previous financial year.

Thereafter, the balance of profits available for distribution may be distributed amongst the holders of each class of share pari passu.

Both classes of shareholder have equal voting rights.

As noted to be the intention in the 1995 statutory accounts, the Articles of Association have been amended during the year such that both classes of share are now defined as equity shares.

<b>12. PROFIT AND LOSS ACCOUNT</b>	<b>£</b>
1 April 1995	(14,286)
Retained profit for the year	<u>35,450</u>
<b>31 March 1996</b>	<u><b>21,164</b></u>

<b>13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>1996 £</b>	<b>1995 £</b>
Profit for the financial year	35,450	23,542
Shares issued during the year	24,000	-
Opening shareholders' funds	<u>62,714</u>	<u>39,172</u>
<b>Closing shareholders' funds</b>	<u><b>122,164</b></u>	<u><b>62,714</b></u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**14. RECONCILIATION OF OPERATING PROFIT TO NET CASH  
INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Operating profit	73,941	45,338
Depreciation charges	19,133	27,441
Profit on sale of fixed assets	(8)	(2,443)
Decrease/(increase) in work in progress	36,736	(141,679)
Decrease/(increase) in debtors	4,939	(71,523)
Increase in creditors	126,333	75,594
<b>Net cash inflow/(outflow) from operating activities</b>	<b>261,074</b>	<b>(67,272)</b>

**15. CASH AND CASH EQUIVALENTS**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
<b>Balance of cash and cash equivalents</b>		
Cash at bank and in hand	700	500
Bank balance/(overdraft)	121,723	(112,487)
	<u>122,423</u>	<u>(111,987)</u>
<b>Change in the balance of cash and cash equivalents</b>		
1 April	(111,987)	3,439
Net cash inflow/(outflow) for the year	234,410	(115,426)
<b>31 March</b>	<b>122,423</b>	<b>(111,987)</b>

**16. FINANCIAL COMMITMENTS**

**(1) Operating leases**

At 31 March 1996 the company had no annual commitments under non-cancellable operating leases (1995: Nil).

**(2) Commitments on behalf of group undertakings**

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**17. DIRECTORS**

**(1) Emoluments**

	1996 £	1995 £
The emoluments of directors of the company were:		
Fees and other emoluments (including pension contributions and benefits-in-kind)	<u>93,717</u>	<u>129,124</u>

**(2) Bandings**

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

The chairman	-	-
The highest-paid director	<u>40,603</u>	<u>39,329</u>

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

	Number	Number
£5,001 - £10,000	1	-
£10,001 - £15,000	1	-
£25,001 - £30,000	<u>1</u>	<u>3</u>

**18. EMPLOYEES**

**(1) Number of employees**

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

	1996 Number	1995 Number
Administration and management	8	7
Site labour	<u>2</u>	<u>2</u>
	<u>10</u>	<u>9</u>

**(2) Employment costs**

	£	£
Wages and salaries	199,740	181,873
Social security costs	17,406	17,553
Pension costs	6,105	8,100
	<u>223,251</u>	<u>207,526</u>





**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**19. PARENT UNDERTAKING**

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's parent undertaking. Copies of the group financial statements can be obtained from the company secretary at the registered office.