

Company Registration Number 2323597

MITIE PROPERTY SERVICES (EASTERN) LIMITED

Report and Financial Statements

31 March 2005



MITIE PROPERTY SERVICES (EASTERN) LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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MITIE PROPERTY SERVICES (EASTERN) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R McGregor-Smith
A J Morton
P F Noble
M A Reeves
W Robson
I R Stewart

SECRETARY

C K Ross

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

National Westminster Bank plc
32 Corn Street
Bristol
BS99 7UG

AUDITORS

Deloitte & Touche LLP
Bristol

MITIE PROPERTY SERVICES (EASTERN) LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2005.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 1985. They are also responsible for the system of internal control, 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 has 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 £109,687 (2004: £86,856). The directors recommend that this amount be dealt with as follows:

	2005 £	2004 £
Ordinary dividends:		
- Final proposed £1.28 (2004: £1.03) per 'A' ordinary share	129,908	104,296
- Final proposed 8p (2004: 8p) per 'A' ordinary share	8,080	8,080
- Final proposed 8p (2004: 8p) per 'B' ordinary share	7,920	7,920
Transfer from reserves	(36,221)	(33,440)
	<u>109,687</u>	<u>86,856</u>

MITIE PROPERTY SERVICES (EASTERN) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

R McGregor-Smith
A J Morton
P F Noble
M A Reeves
W Robson
I R Stewart

The beneficial interests of the directors and their families in the share capital of the company were as follows:

	At 31 March 2005 £1 'B' ordinary shares No.	At 1 April 2004 £1 'B' ordinary shares No.
P F Noble	10,000	10,000
M A Reeves	17,500	17,500

No other director had a beneficial interest in the share capital of the company or any other group company at the beginning or end of the financial year, except as disclosed below.

Directors' interests in the share capital of MITIE Group PLC were as follows:

	At 31 March 2005 2.5p Ordinary shares No.	At 1 April 2004 2.5p Ordinary shares No.
A J Morton	75,025	95,775
M A Reeves	8,250	15,205

W Robson, I R Stewart and R McGregor-Smith are directors of MITIE Group PLC, the parent undertaking, and their interests in the share capital of that company and other group companies are shown in the financial statements of MITIE Group PLC.

No other director had an interest in the share capital of MITIE Group PLC.

Further details of the MITIE Group PLC Share Schemes are given in the accounts of that company.

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. As at 31 March 2005 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 57 days (2004: 63 days).

MITIE PROPERTY SERVICES (EASTERN) LIMITED

DIRECTORS' REPORT (continued)

EMPLOYEES

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their attitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company recognises the importance of good communications and employee relationships. In each company there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purpose of the business and the commercial realities of success. Employees are encouraged to become shareholders through the Savings Related Share Option Scheme.

AUDITORS

A resolution to reappoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

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

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

C K Ross
Secretary

19 July 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MITIE PROPERTY SERVICES (EASTERN) LIMITED**

We have audited the financial statements of MITIE Property Services (Eastern) Limited for the year ended 31 March 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Bristol

19 July 2005

MITIE PROPERTY SERVICES (EASTERN) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2005

	Notes	Continuing operations 2005 £	2004 £
TURNOVER	1	5,278,388	5,771,313
Cost of sales		(4,106,182)	(4,790,043)
GROSS PROFIT		1,172,206	981,270
Administrative expenses		(1,007,957)	(840,526)
OPERATING PROFIT	2	164,249	140,744
Interest receivable	3	673	225
Interest payable	3	(5,382)	(12,030)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		159,540	128,939
Tax on profit on ordinary activities	4	(49,853)	(42,083)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		109,687	86,856
Dividends	5	(145,908)	(120,296)
RETAINED LOSS FOR THE FINANCIAL YEAR	11	(36,221)	(33,440)

There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

MITIE PROPERTY SERVICES (EASTERN) LIMITED

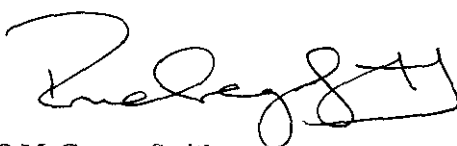
BALANCE SHEET

At 31 March 2005

	Notes	2005		2004	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		177,740		195,526
CURRENT ASSETS					
Work in progress	7	-		5,515	
Debtors	8	1,446,505		1,294,736	
Cash at bank and in hand		23,027		96,476	
		<u>1,469,532</u>		<u>1,396,727</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(1,033,489)</u>		<u>(942,249)</u>	
NET CURRENT ASSETS			<u>436,043</u>		<u>454,478</u>
NET ASSETS			<u>613,783</u>		<u>650,004</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	10		200,000		200,000
Profit and loss account	11		413,783		450,004
TOTAL SHAREHOLDERS' FUNDS	12		<u>613,783</u>		<u>650,004</u>
Shareholders' funds are represented by:					
Attributable to non-equity shareholders			<u>613,783</u>		<u>650,004</u>

These financial statements were approved by the Board of Directors on 19 July 2005.

Signed on behalf of the Board of Directors


R McGregor-Smith
 Director

MITIE PROPERTY SERVICES (EASTERN) LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2005

	Notes	2005		2004	
		£	£	£	£
Net cash inflow from operating activities	13		139,850		302,501
Returns on investments and servicing of finance					
Interest received		673		225	
Interest paid		(2,213)		(12,465)	
Non equity dividends paid		(120,296)		(121,040)	
Net cash outflow from returns on investments and servicing of finance			(121,836)		(133,280)
Taxation					
UK corporation tax paid			(18,865)		(86,202)
Capital expenditure					
Payments to acquire tangible fixed assets		(90,773)		(102,300)	
Receipts from disposal of tangible fixed assets		18,175		7,401	
Net cash outflow from capital expenditure			(72,598)		(94,899)
Decrease in cash in the year	15		(73,449)		(11,880)

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable United Kingdom 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. All turnover arises within the United Kingdom, from the company's principal activity.

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:

Leasehold improvements	5 years
Plant and office equipment	3 to 10 years
Motor vehicles	4 years

Operating leases

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

Pension costs represent amounts paid to one of the group's benefit pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

2. OPERATING PROFIT is stated after charging/(crediting):	2005	2004
	£	£
Depreciation	98,503	87,368
Auditors' remuneration - audit services	3,250	2,500
Profit on disposal of tangible fixed assets	(8,119)	(1,239)
Operating lease rentals:		
- other	7,333	3,280
- plant and machinery	10,229	-
	<u> </u>	<u> </u>
 3. INTEREST	 2005	 2004
Interest receivable	£	£
Bank interest	618	-
Other interest	55	225
	<u> </u>	<u> </u>
	673	225
	<u> </u>	<u> </u>
 Interest payable	 £	 £
Bank interest	5,382	12,030
	<u> </u>	<u> </u>

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	2004 £
(a) Analysis of charge in year		
United Kingdom corporation tax at 30% (2004: 30%)	51,514	46,605
Adjustment in respect of prior years	(685)	(1,555)
Total current tax (note 4(b))	50,829	45,050
Deferred taxation:		
Timing differences - origination and reversal	(2,776)	(4,595)
Adjustment in respect of prior years	1,800	1,628
Tax on profit on ordinary activities	49,853	42,083

(b) Factors affecting tax charge in year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are as follows:

	£	£
Profit on ordinary activities before tax	159,540	128,939
	£	£
Tax at 30% thereon	47,862	38,681
Expenses not deductible for tax purposes	876	3,329
Capital allowances in excess of depreciation	3,394	3,860
Movement in short-term timing differences	(618)	735
Prior period adjustments	(685)	(1,555)
Current tax charge for the year (note 4(a))	50,829	45,050

(c) Factors affecting future tax charges

The company is not aware of any matters that will materially affect the future tax charge.

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

5.	DIVIDENDS	2005 £	2004 £
	Final proposed:		
	£1 'A' ordinary £1.28 (2004: £1.03) per share	129,908	104,296
	£1 'A' ordinary 8p (2004: 8p) per share	8,080	8,080
	£1 'B' ordinary 8p (2004: 8p) per share	7,920	7,920
		<u>145,908</u>	<u>120,296</u>

6.	TANGIBLE FIXED ASSETS	Leasehold improvements £	Plant and office equipment £	Motor vehicles £	Total £
	Cost				
	At 1 April 2004	10,467	88,083	310,021	408,571
	Additions	5,734	16,961	68,078	90,773
	Disposals	-	(37,238)	(75,321)	(112,559)
	At 31 March 2005	<u>16,201</u>	<u>67,806</u>	<u>302,778</u>	<u>386,785</u>
	Depreciation				
	At 1 April 2004	6,563	44,675	161,807	213,045
	Charge for the year	2,762	28,565	67,176	98,503
	Disposals	-	(37,238)	(65,265)	(102,503)
	At 31 March 2005	<u>9,325</u>	<u>36,002</u>	<u>163,718</u>	<u>209,045</u>
	Net book value				
	At 31 March 2005	<u>6,876</u>	<u>31,804</u>	<u>139,060</u>	<u>177,740</u>
	At 31 March 2004	<u>3,904</u>	<u>43,408</u>	<u>148,214</u>	<u>195,526</u>

Capital commitments

At 31 March 2005 the directors had authorised capital expenditure of nil (2004: nil).

7.	WORK IN PROGRESS	2005 £	2004 £
	Work in progress	<u>-</u>	<u>5,515</u>

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

8. DEBTORS	2005 £	2004 £
Trade debtors	1,196,338	1,218,142
Amounts recoverable on contracts	203,506	24,379
Amounts owed by group undertakings	7,256	-
Prepayments and accrued income	28,136	33,752
Deferred tax asset	11,269	10,293
Corporation tax	-	8,170
	<u>1,446,505</u>	<u>1,294,736</u>

A deferred tax asset of £11,269 has been recognised at 31 March 2005 (2004: £10,293). This asset relates to depreciation in excess of capital allowances. The directors are of the opinion that suitable profits will be available within the periods in which these differences will reverse. The amount credited to the profit and loss account in the year was £976 (2004: £2,967).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005 £	2004 £
Payments on account	38,792	-
Trade creditors	489,932	577,650
Amounts owed to group undertakings	31,978	-
Corporation tax	23,794	-
Other taxes and social security	287,775	232,155
Other creditors	694	3,906
Accruals and deferred income	14,616	8,242
Proposed dividend	145,908	120,296
	<u>1,033,489</u>	<u>942,249</u>

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

10. CALLED UP SHARE CAPITAL	2005 £	2004 £
Authorised		
204,000 £1 'A' ordinary shares	204,000	204,000
196,000 £1 'B' ordinary shares	196,000	196,000
	<u>400,000</u>	<u>400,000</u>
	£	£
Allotted and fully paid		
101,000 £1 'A' ordinary shares	101,000	101,000
99,000 £1 'B' ordinary shares	99,000	99,000
	<u>200,000</u>	<u>200,000</u>

Rights attached to shares

The rights to dividends are as follows:

- the holders of the £1 'A' ordinary shares are entitled to a fixed index linked cumulative dividend of £1.06 per 'A' share per annum;
- the holders of the £1 'A' ordinary shares and the £1 'B' ordinary shares are entitled to a fixed cumulative dividend of 8p per share; and
- 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.

Both classes of shareholder have equal voting rights.

11. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2004	450,004
Retained loss for the year	(36,221)
	<u>413,783</u>
At 31 March 2005	

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2005

12.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005	2004
		£	£
	Profit for the financial year	109,687	86,856
	Dividends	(145,908)	(120,296)
	Net reduction to shareholders' funds	(36,221)	(33,440)
	Opening shareholders' funds	650,004	683,444
	Closing shareholders' funds	613,783	650,004
13.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2005	2004
		£	£
	Operating profit	164,249	140,744
	Depreciation	98,503	87,368
	Profit on disposal of tangible fixed assets	(8,119)	(1,239)
	Decrease/(increase) in work in progress	5,515	(5,515)
	(Increase)/decrease in debtors	(159,398)	236,620
	Increase/(decrease) in creditors	39,100	(155,477)
	Net cash inflow from operating activities	139,850	302,501
14.	ANALYSIS OF CHANGES IN NET FUNDS	At 1 April 2004	At 31 March 2005
		£	£
	Cash at bank and in hand	96,476	23,027
15.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2005	2004
		£	£
	Decrease in cash in the year	(73,449)	(11,880)
	Net funds at beginning of year	96,476	108,356
	Net funds at end of year	23,027	96,476

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

16. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £	2005 Office equipment £	Land and buildings £	2004 Office equipment £
Expiry date:				
- within two to five years	11,000	9,963	17,500	3,824
- after five years	11,250	-	11,250	-
	<u>22,250</u>	<u>9,963</u>	<u>28,750</u>	<u>3,824</u>

Commitments on behalf of the group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts. As at 31 March 2005, the overall commitment was nil (2004: nil).

17. DIRECTORS

	2005 £	2004 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	<u>44,095</u>	<u>33,507</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

W Robson, I R Stewart and R McGregor-Smith are also directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts. It is not practicable to allocate their remuneration between their services as a director of MITIE Property Services (Eastern) Limited and their services as a director of other group companies.

A J Morton is a director of MITIE Property Services (UK) Limited and his emoluments and pension details are disclosed in the accounts of that company. It is not practicable to allocate his remuneration as a director of MITIE Property Services (Eastern) Limited and his services as a director of other group companies.

P Noble is a director of MITIE Property Services (UK) Limited and his emoluments and pension details are disclosed in the accounts of that company. It is not practicable to allocate his remuneration as a director of MITIE Property Services (Eastern) Limited and his services as a director of other group companies.

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

18. EMPLOYEES

Number of employees

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

	2005 No.	2004 No.
Administration and management	17	14
Site labour	85	110
	<u>102</u>	<u>124</u>
Employment costs (including directors)	£	£
Wages and salaries	2,132,767	2,478,916
Social security costs	221,649	256,922
Other pension costs	17,130	16,247
	<u>2,371,546</u>	<u>2,752,085</u>

19. RELATED PARTY TRANSACTIONS

MITIE Group PLC is a 67% shareholder of MITIE Property Services (Eastern) Limited.

During the year MITIE Property Services (Eastern) Limited provided services for MITIE Cleaning (Southern) Limited of £6,175 (2004: nil) of which £6,175 (2004: nil) is included in debtors at the year end.

During the year MITIE Scotgate Limited provided services to the value of £87,805 (2004: nil) of which £25,416 (2004: nil) is included in creditors at the year end.

During the year MITIE Property Services (Eastern) Limited provided services for MITIE Cleaning Scotgate Limited of £1,900 (2004: nil).

During the year MITIE Property Services (Eastern) Limited provided services for MITIE Flooring (Southern) Limited of nil (2004: £156).

During the year management charges of £114,860 (2004: £107,500) were paid to MITIE Property Services Limited.

During the year management charges of £64,332 (2004: £53,500) were paid to MITIE Property Services (London) Limited.

MITIE PROPERTY SERVICES (EASTERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

19. RELATED PARTY TRANSACTIONS (continued)

During the year MITIE Property Services (Midlands) Limited provided services to the value of nil (2004: £419).

During the year MITIE Property Services (Eastern) Limited provided services for MITIE Property Services (Western) Limited of nil (2004: £19,959).

During the year MITIE Property Services (Eastern) Limited provided services for MITIE McCartney Fire Protection Limited of nil (2004: £1,176).

20. PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

Contributions to the scheme for the period are shown in note 18 and the agreed contribution rate for the next 12 months is 10% (2004: 10%) and 7.5% (2004: 7.5%) for the group and employees respectively.

The next actuarial valuation which was due on 6 April 2005 is currently being prepared. The 2002 actuarial valuation, which was performed on 6 April 2002 by a professionally qualified actuary, showed that the actuarial value of the assets represented 87% of the benefits that had accrued to members after allowing for expected future increases in earnings.

An updated Financial Reporting Standard 17 valuation of the scheme as at 31 March 2005 indicated that the scheme was 85% funded.

21. PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking and controlling party. MITIE Group PLC is both the smallest and largest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.

MITIE PROPERTY SERVICES (EASTERN) LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
Year ended 31 March 2005

	2005 £	2004 £
TURNOVER	5,278,388	5,771,313
Cost of sales	(4,106,182)	(4,790,043)
GROSS PROFIT	<u>1,172,206</u>	<u>981,270</u>
ADMINISTRATIVE EXPENSES		
Management charges payable	179,192	131,000
Salaries, including directors' salaries	486,500	339,547
Rent and rates	35,210	30,298
Light and heat	570	1,194
Insurance	52,816	64,977
Telephone	15,882	25,726
Postage, stationery and advertising	26,334	27,408
Entertaining	3,940	9,062
Repairs and renewals	7,289	12,056
Motor expenses	52,514	61,996
Training	13,868	18,650
Computer services	26,087	16,628
Trade subscriptions	3,604	1,597
Bank charges	2,000	3,052
Audit fee	3,250	2,500
Legal and professional	1,128	2,744
Sundry expenses	7,389	5,962
Depreciation	98,503	87,368
Profit on disposal of tangible fixed assets	(8,119)	(1,239)
	<u>(1,007,957)</u>	<u>(840,526)</u>
OPERATING PROFIT	<u>164,249</u>	<u>140,744</u>