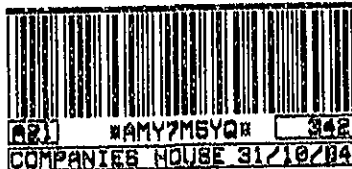


**MITIE ENGINEERING SERVICES
(NORTH) LIMITED****DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

for the year ended 31 March 1994



Company number 2564586

Ayr Bacup Belfast Birmingham Bristol Bury St Edmunds
Croydon Edinburgh Enniskillen Glasgow Leeds London
Manchester Newbury Newcastle Newmarket Norwich
Nottingham Poole Rochdale St Albans Saltcoats
Stranraer Wolverhampton

MITIE ENGINEERING SERVICES (NORTH) LIMITED

DIRECTORS

DM Telling (Chairman)
WE Harding
G Allen
DA Wilson
MA Tivey
CS Acheson

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
PO Box 120
49 Corn Street
Bristol BS1 5TD

MITIE ENGINEERING SERVICES (NORTH) 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 of electrical and mechanical services in commercial and industrial premises.

The company recommenced trading in February 1994.

RESULTS

The profit for the year after taxation amounted to £45,839 (1993: loss of £194). The directors recommend that this amount be transferred to reserves.

FIXED ASSETS

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

MITIE ENGINEERING SERVICES (NORTH) LIMITED

DIRECTORS' REPORT for the year ended 31 March 1994

DIRECTORS

The directors during the year were:

DM Telling	(Chairman)
WE Harding	
G Allen	(appointed 7 February 1994)
DA Wilson	(appointed 7 February 1994)
MA Tivey	(appointed 7 February 1994)
CS Acheson	(appointed 7 February 1994)

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

	31 March 1994		Date of appointment	
	£1 Ordinary shares Number	Unsecured loan stock £	£1 Ordinary shares Number	Unsecured loan stock £
G Allen	10,000	8,000	-	-
DA Wilson	10,000	8,000	-	-
MA Tivey	10,000	8,000	-	-

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	1 April 1993
	50p Ordinary shares Number	50p Ordinary shares Number
CS Acheson	1,480	1,480

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

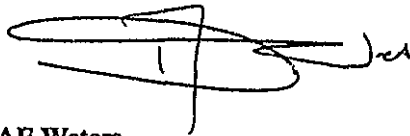
MITIE ENGINEERING SERVICES (NORTH) LIMITED

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', is written over a horizontal line.

AF Waters
Secretary



BDO Binder Hamlyn
Chartered Accountants

Broad Quay House
Broad Quay Bristol BS1 4PQ

AUDITORS' REPORT

to the members of MITIE Engineering Services (North) Limited

We have audited the financial statements on pages 5 to 13 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 black ink, appearing to read 'BDO Binder Hamlyn', written over the printed name.

Chartered Accountants
Registered Auditors

17 August 1994

MITIE ENGINEERING SERVICES (NORTH) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1994

	Notes	Continuing operations 1994	1993
		£	£
Turnover		-	-
Cost of sales		1,106	280
Gross profit		1,106	280
Administrative expenses		(30,890)	(503)
Operating loss	2	(29,784)	(223)
Interest receivable	3	754	-
Loss on ordinary activities before taxation		(29,030)	(223)
Tax on loss on ordinary activities	4	74,869	29
Retained profit/(loss) for the year	11	45,839	(194)

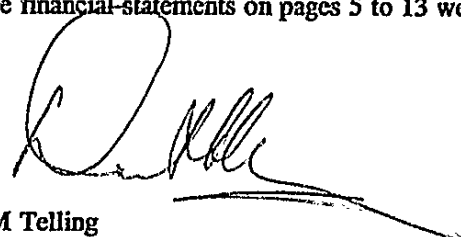
There were no recognised gains or losses other than the profit for the year.

MITIE ENGINEERING SERVICES (NORTH) LIMITED

BALANCE SHEET
as at 31 March 1994

	Notes	1994	1993
		£	£
FIXED ASSETS			
Tangible assets	5	26,700	-
CURRENT ASSETS			
Work in progress	6	30,266	-
Debtors	7	13,935	-
Cash at bank and in hand		101,533	-
		145,734	-
CREDITORS: amounts falling due within one year	8	(43,802)	(19,207)
Net current assets/(liabilities)		101,932	(19,207)
Total assets less current liabilities		128,632	(19,207)
CREDITORS: amounts falling due after more than one year	9	(24,000)	-
Net assets/(liabilities)		104,632	(19,207)
CAPITAL AND RESERVES			
Called up share capital	10	126,000	48,000
Profit and loss account	11	(21,368)	(67,207)
		104,632	(19,207)

The financial statements on pages 5 to 13 were approved by the Board on 17 August 1994.


DM Telling
Director

MITIE ENGINEERING SERVICES (NORTH) LIMITED

CASH FLOW STATEMENT for the year ended 31 March 1994

	Notes	1994	1993
		£	£
Net cash (outflow)/inflow from operating activities	13	(39,522)	31,725
Returns on investments and servicing of finance			
Interest received		401	-
Interest paid		-	(583)
Net cash inflow/(outflow) from returns on investments and servicing of finance		401	(583)
Tax received		66,869	21,229
Investing activities			
Purchase of tangible fixed assets		(28,215)	-
Sale of tangible fixed assets		-	26,849
Net cash (outflow)/inflow from investing activities		(28,215)	26,849
Net cash (outflow)/inflow before financing		(467)	79,220
Financing			
Issue of ordinary share capital		78,000	-
Issue of loan stock		24,000	-
Net cash inflow from financing		102,000	-
Increase in cash and cash equivalents	14	101,533	79,220

MITIE ENGINEERING SERVICES (NORTH) 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:

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 years. The finance element of the rental payments is charged to the profit and loss account over the year 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.

Compliance with accounting standards

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

2 OPERATING LOSS

is stated after charging:	1994 £	1993 £
Depreciation	1,031	-
Operating lease rentals: lands and buildings	296	-
Auditors' remuneration: audit services	250	-

MITIE ENGINEERING SERVICES (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3	INTEREST RECEIVABLE	1994 £	1993 £
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Bank interest receivable	754	-
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4 TAXATION

UK current year taxation

Group relief	(8,000)	-
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Prior years

UK Corporation Tax	(66,869)	(29)
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Tax on loss on ordinary activities	(74,869)	(29)
------------------------------------	----------	------

5 TANGIBLE FIXED ASSETS

(1) Summary

	Plant £	Office equipment £	Motor vehicles £	Total £
Cost				
Additions	4,880	9,335	14,000	28,215
Disposals	-	(500)	-	(500)
31 March 1994	4,880	8,835	14,000	27,715
Depreciation				
Charge for the year	163	285	583	1,031
Disposals	-	(16)	-	(16)
31 March 1994	163	269	583	1,015
Net book value				
31 March 1994	4,717	8,566	13,417	26,700
31 March 1993	-	-	-	-

(2) Capital commitments

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

MITIE ENGINEERING SERVICES (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6	WORK IN PROGRESS	1994 £	1993 £
	Work in progress	30,266	-
<hr/>			
7	DEBTORS		
	Trade debtors	2,131	-
	Corporation tax recoverable	8,000	-
	Other debtors	3,804	-
		<hr/>	<hr/>
		13,935	-
<hr/>			
8	CREDITORS: amounts falling due within one year		
	Trade creditors	34,042	-
	Amounts owed to parent undertaking and fellow subsidiary undertakings	3,337	19,175
	Other taxes and social security costs	2,474	-
	Accruals and deferred income	3,949	32
		<hr/>	<hr/>
		43,802	19,207
<hr/>			
9	CREDITORS: amounts falling due after more than one year		
	Redeemable unsecured loan stock 2004	24,000	-
<hr/>			
	The loan stock bears no interest.		
10	CALLED UP SHARE CAPITAL		
	(1) Authorised	Number	£
	£1 Ordinary shares	150,000	150,000
<hr/>			
	(2) Allotted and fully paid		
	£1 Ordinary shares	126,000	126,000
<hr/>			

The company issued 78,000 £1 ordinary shares at par during the period. The authorised share capital was increased to 150,000 £1 ordinary shares.

MTIE ENGINEERING SERVICES (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 PROFIT AND LOSS ACCOUNT

	£
1 April 1993	(67,207)
Retained profit for the year	45,839
31 March 1994	(21,368)

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit/(loss) for the financial year	45,839	(194)
Issue of share capital	78,000	-
Net addition/(reduction) to shareholders' funds	123,839	(194)
Opening shareholders' funds	(19,207)	(19,013)
Closing shareholders' funds	104,632	(19,207)

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

Operating loss	(29,784)	(223)
Depreciation charges	1,031	-
Loss on sale of tangible fixed assets	484	-
(Increase)/decrease in debtors	(5,582)	16,264
Increase in creditors	24,595	15,684
Increase in stocks and work in progress	(30,266)	-
Net cash (outflow)/inflow from operating activities	(39,522)	31,725

14 CASH AND CASH EQUIVALENTS

Balance of cash and cash equivalents

Cash at bank and in hand	101,533	-
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Change in the balance of cash and cash equivalents

1 April	-	(79,220)
Net cash inflow for year	101,533	79,220
31 March	101,533	-

MITIE ENGINEERING SERVICES (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17	EMPLOYEES <i>continued</i>	1994 £	1993 £
	(2) Employment costs		
	Wages and salaries	14,167	-
	Social security costs	1,559	-
		15,726	-

18 ULTIMATE PARENT UNDERTAKING

The company is a 75% owned subsidiary undertaking of MITIE Engineering Services Limited, a company registered in England and Wales. 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.