



MITIE ENGINEERING SERVICES (NORTH) LIMITED

Report and Financial Statements

31 March 1995



**Touche Ross & Co.
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP**

REPORT AND FINANCIAL STATEMENTS 1995

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
W E Harding
G Allen
D A Wilson
M A Tivey
C S Acheson

SECRETARY

A F Waters

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Bristol
BS18 7SA

BANKERS

Midland Bank plc
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Touche Ross & Co.
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 1995.

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 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.

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'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 £7,345 (1994: £45,839). The directors do not propose the payment of a dividend and recommend that £7,345 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.

DIRECTORS

The directors during the year were as follows:

D M Telling (Chairman)
W E Harding
G Allen
D A Wilson
M A Tivey
C S Acheson

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

The beneficial interests of the directors and their families in the shares of the company at the beginning and end of the financial year were:

	31 March 1995		1 April 1994	
	£1 'B' Ordinary shares Number	Unsecured loan stock £	£1 'B' Ordinary shares Number	Unsecured loan stock £
G Allen	10,000	8,000	10,000	8,000
D A Wilson	10,000	8,000	10,000	8,000
M A Tivey	10,000	8,000	10,000	8,000

No other director had a beneficial interest in the shares of the company.

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 1995 25p Ordinary shares Number	1 April 1994 50p Ordinary shares Number
C S Acheson	235,260	1,480

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

AUDITORS

The Bristol Partnership of BDO Binder Hamlyn merged their practice with Touche Ross & Co. on 5 October 1994 and now carry on business under the name of Touche Ross & Co. The directors consented to the appointment of the Bristol Partnership of BDO Binder Hamlyn as auditors of the company being treated as extending to Touche Ross & Co. A resolution to re-appoint Touche Ross & Co. as auditors will be proposed at the Annual General Meeting.

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



A F Waters
Secretary

16 August 1995



Chartered Accountants

Touche Ross & Co.
Queen Anne House
69-71 Queen Square
Bristol BS1 4JP

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AUDITORS' REPORT TO THE MEMBERS OF

MITIE ENGINEERING SERVICES (NORTH) LIMITED

We have audited the financial statements on pages 5 to 14 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

21 August 1995

Chartered Accountants and
Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1995

	Notes	Continuing operations 1995 £	1994 £
TURNOVER		1,831,637	-
Cost of sales		(1,564,179)	1,106
GROSS PROFIT		267,458	1,106
Administrative expenses		(265,734)	(30,890)
OPERATING PROFIT/(LOSS)	2	1,724	(29,784)
Interest receivable	3	8,073	754
Interest payable	3	(652)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		9,145	(29,030)
Tax on profit/(loss) on ordinary activities	4	(1,800)	74,869
RETAINED PROFIT FOR THE YEAR	11	7,345	45,839

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

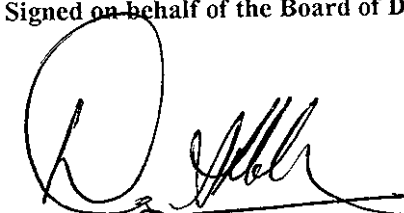
BALANCE SHEET
31 March 1995

	Notes	1995		1994	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		91,956		26,700
CURRENT ASSETS					
Work in progress	6	329,855		30,266	
Debtors	7	522,847		13,935	
Cash at bank and in hand		235,272		101,533	
		<u>1,087,974</u>		<u>145,734</u>	
CREDITORS: amounts falling due within one year	8	<u>(1,043,953)</u>		<u>(43,802)</u>	
Net current assets			<u>44,021</u>		<u>101,932</u>
Total assets less current liabilities			<u>135,977</u>		<u>128,632</u>
CREDITORS: amounts falling due after more than one year	9		<u>(24,000)</u>		<u>(24,000)</u>
NET ASSETS			<u>111,977</u>		<u>104,632</u>
CAPITAL AND RESERVES					
Called up share capital	10				
Equity shares		94,500		94,500	
Non-equity shares		<u>31,500</u>		<u>31,500</u>	
			126,000		126,000
Profit and loss account	11				
Equity		(10,517)		(16,026)	
Non-equity		<u>(3,506)</u>		<u>(5,342)</u>	
			<u>(14,023)</u>		<u>(21,368)</u>
TOTAL SHAREHOLDERS' FUNDS			<u>111,977</u>		<u>104,632</u>

Non-equity shares are classified as equity shares for the purposes of the Companies Act 1985.

These financial statements were approved by the Board of Directors on 16 August 1995.

Signed on behalf of the Board of Directors



D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 1995

	Notes	1995	1994
		£	£
Net cash inflow/(outflow) from operating activities	13	200,287	(39,522)
Returns on investments and servicing of finance			
Interest paid		(652)	
Interest received		8,011	401
Net cash inflow from returns on investments and servicing of finance		7,359	401
Taxation			
UK Corporation tax received		8,000	66,869
Investing activities			
Purchase of tangible fixed assets		(96,971)	(28,215)
Sale of tangible fixed assets		15,064	-
Net cash outflow from investing activities		(81,907)	(28,215)
Net cash inflow/(outflow) before financing		133,739	(467)
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	133,739	101,533

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards other than as detailed in Note 10.

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

Leasing commitments

Rentals paid under 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. Provision is made for foreseeable losses.

Pension costs

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

2. OPERATING PROFIT/(LOSS) is stated after charging:	1995	1994
	£	£
Depreciation	16,871	1,031
Operating lease rentals: land and buildings	10,091	296
Auditors' remuneration: audit services	1,250	250
Loss on disposal of fixed assets	1,580	484

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

3. INTEREST

	1995	1994
	£	£
(1) Interest receivable		
Bank interest receivable	<u>8,073</u>	<u>754</u>
(2) Interest payable		
Other interest payable	<u>652</u>	<u>-</u>

4. TAXATION

UK current year taxation		
UK Corporation Tax at 25%	1,800	-
Group relief	-	(8,000)
Prior years		
UK Corporation Tax	<u>-</u>	<u>(66,869)</u>
Tax on profit/(loss) on ordinary activities	<u>1,800</u>	<u>(74,869)</u>

5. TANGIBLE FIXED ASSETS

(1) Summary

	Plant	Office	Motor	Total
	£	equipment	vehicles	£
		£	£	
Cost				
1 April 1994	4,880	8,835	14,000	27,715
Additions	-	24,718	74,376	99,094
Group transfers in	-	682	-	682
Disposals	-	(6,040)	(14,000)	(20,040)
31 March 1995	<u>4,880</u>	<u>28,195</u>	<u>74,376</u>	<u>107,451</u>
Depreciation				
1 April 1994	163	269	583	1,015
Charge for the year	976	4,266	11,629	16,871
Group transfers in	-	205	-	205
Disposals	-	(546)	(2,050)	(2,596)
31 March 1995	<u>1,139</u>	<u>4,194</u>	<u>10,162</u>	<u>15,495</u>
Net book value				
31 March 1995	<u>3,741</u>	<u>24,001</u>	<u>64,214</u>	<u>91,956</u>
31 March 1994	<u>4,717</u>	<u>8,566</u>	<u>13,417</u>	<u>26,700</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

5. TANGIBLE FIXED ASSETS (continued)

(2) Capital commitments

At 31 March 1995 the directors had authorised capital expenditure of Nil (1994: Nil).

6. WORK IN PROGRESS	1995 £	1994 £
Work in progress	614,307	30,266
Payments on account	(284,452)	-
	<u>329,855</u>	<u>30,266</u>
 7. DEBTORS		
Trade debtors	513,880	2,131
Amounts owed to parent undertaking and fellow subsidiary undertakings	911	-
Corporation tax recoverable	-	8,000
Other debtors	2,889	3,804
Prepayments and accrued income	5,167	-
	<u>522,847</u>	<u>13,935</u>
 8. CREDITORS: amounts falling due within one year		
Trade creditors	895,349	34,042
Amounts owed to parent undertaking and fellow subsidiary undertakings	-	3,337
Corporation tax	1,800	-
Other taxes and social security costs	34,119	2,474
Other creditors	3,252	-
Accruals and deferred income	6,275	3,949
Payments on account	103,158	-
	<u>1,043,953</u>	<u>43,802</u>
 9. CREDITORS: amounts falling due after more than one year		
Unsecured loan stock 2004	<u>24,000</u>	<u>24,000</u>

The unsecured loan stock bears no interest and is redeemable at par.

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

10. CALLED UP SHARE CAPITAL

	1995	
	Number	£
(1) Authorised		
£1 'A' ordinary shares (equity)	94,500	94,500
£1 'B' ordinary shares (non-equity)	55,500	55,500
	<u>150,000</u>	<u>150,000</u>
 (2) Allotted and fully paid	 1995	 1994
	£	£
£1 'A' ordinary shares	94,500	94,500
£1 'B' ordinary shares	31,500	31,500
	<u>126,000</u>	<u>126,000</u>

(3) Rights attached to shares

The company's Articles of Association entitle the holders of the £1 'B' ordinary shares to a fixed dividend of 12p per annum for each share held. 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, 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.

Under Financial Reporting Standard 4 'Capital Instruments', non-equity shareholders' funds of the company would be disclosed as the non-equity element of called up share capital only. Applying this standard would not give a true and fair view as it has always been the shareholders' intentions that all rights of both classes of shareholder be equal. The Articles of Association will accordingly be altered to reflect this intention and therefore the balance of profit and loss account reserves is shared between both classes of shareholder in the proportion of shares held.

11. PROFIT AND LOSS ACCOUNT

	£
1 April 1994	(21,368)
Retained profit for the year	<u>7,345</u>
 31 March 1995	 <u>(14,023)</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

**12. RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS**

	1995 £	1994 £
Profit for the financial year	7,345	45,839
Issue of share capital	-	78,000
Net addition to shareholders' funds	7,345	123,839
Opening shareholders' funds	104,632	(19,207)
Closing shareholders' funds	111,977	104,632

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

Operating profit/(loss)	1,724	(29,784)
Depreciation charges	16,871	1,031
Loss on sale of tangible fixed assets	1,580	484
Increase in debtors	(515,398)	(5,582)
Increase in creditors	995,099	24,595
Increase in work in progress	(299,589)	(30,266)
Net cash inflow/(outflow) from operating activities	200,287	(39,522)

14. CASH AND CASH EQUIVALENTS

Balance of cash and cash equivalents

Cash at bank and in hand	235,272	101,533
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Change in the balance of cash and cash equivalents

1 April	101,533	-
Net cash inflow for the year	133,739	101,533
31 March	235,272	101,533

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

15. FINANCIAL COMMITMENTS

(1) Operating leases

At 31 March 1995 the company had annual commitments under non-cancellable operating leases as follows:

	1995 £	1994 £
<i>Land and buildings</i>		
Expiry date:		
Two to five years	<u>11,000</u>	<u>-</u>

(2) Commitments on behalf of group undertakings

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

16. DIRECTORS

(1) Emoluments

The emoluments of directors of the company were:

Fees and other emoluments (including pension contributions and benefits-in-kind)	<u>88,966</u>	<u>13,611</u>
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(2) Bandings

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

The chairman	-	-
The highest-paid director	<u>30,114</u>	<u>4,656</u>

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

	Number	Number
£0 - £5,000	2	4
£25,001 - £30,000	<u>2</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

17. EMPLOYEES

(1) Number of employees

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

	1995 Number	1994 Number
Site labour	2	-
Administration and management	6	4
	<hr/> 8	<hr/> 4
 (2) Employment costs	 £	 £
Wages and salaries	162,793	14,167
Social security costs	17,923	1,559
	<hr/> 180,716	<hr/> 15,726

18. 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.