

**MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED**

**Report and Financial Statements**

**31 March 2003**



**REPORT AND FINANCIAL STATEMENTS 2003**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
C S Acheson  
I R Stewart

**SECRETARY**

C K Ross

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wroughton  
Bristol  
BS40 5SA

**BANKERS**

HSBC Bank plc  
49 Corn Street  
Bristol  
BS99 7PP

**AUDITORS**

Deloitte & Touche  
Bristol

## **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 March 2003.

### **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 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.

On 25 September 2000 MITIE Engineering Services (West Midlands) Limited ceased taking on new contracts but continues to fulfil its contractual commitments.

The company ceased trading during the year and is now dormant.

The company enjoys the support of its parent undertaking.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £13,572 (2002: loss of £27,862). The directors do not propose the payment of a dividend (2002: nil) and recommend that £13,572 (2002: £27,862 transferred from reserves) be transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
C S Acheson  
I R Stewart

Messrs D M Telling, C S Acheson and I R Stewart are directors of MITIE Group PLC, the parent undertaking, and their interests in and options on the share capital of that company are shown in the financial statements of MITIE Group PLC.

**DIRECTORS' REPORT (continued)**

**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**

Deloitte & Touche has informed the directors that they are intending to transfer their business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

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 handwritten signature in black ink, appearing to be 'C K Ross', written over a horizontal line.

**C K Ross**  
Secretary

2 July 2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED**

We have audited the financial statements of MITIE Engineering Services (West Midlands) Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 18. 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.

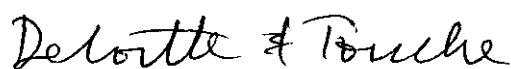
**Basis of audit opinion**

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

3 July 2003

**PROFIT AND LOSS ACCOUNT**

Year ended 31 March 2003

	Notes	<b>Discontinued operations</b>	
		<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
<b>TURNOVER</b>	1	33,037	(31,377)
Cost of sales		(4,733)	10,248
<b>GROSS PROFIT/(LOSS)</b>		28,304	(21,129)
Administrative expenses		-	(21,108)
Other operating income		-	20,500
<b>OPERATING PROFIT/(LOSS)</b>	2	28,304	(21,737)
Interest payable	3	(11,625)	(18,969)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		16,679	(40,706)
Tax (charge)/credit on profit/(loss) on ordinary activities	4	(3,107)	12,844
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	8	13,572	(27,862)

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. Accordingly, no separate statement of total recognised gains and losses is presented.

**BALANCE SHEET**  
**At 31 March 2003**

	Notes	2003 £	2002 £
<b>CURRENT ASSETS</b>			
Debtors	5	-	32,207
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (including convertible redeemable unsecured loan stock)</b>	6	(530,211)	(597,990)
<b>NET LIABILITIES</b>		<u>(530,211)</u>	<u>(565,783)</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Called up share capital	7	250,243	228,243
Profit and loss account	8	(780,454)	(794,026)
<b>TOTAL EQUITY SHAREHOLDERS' DEFICITS</b>	9	<u>(530,211)</u>	<u>(565,783)</u>

These financial statements were approved by the Board of Directors on 2 July 2003.

Signed on behalf of the Board of Directors



**C S Acheson**  
Director



**CASH FLOW STATEMENT****Year ended 31 March 2003**

	<b>Notes</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Net cash (outflow)/inflow from operating activities</b>	10	(23,587)	213,788
<b>Returns on investments and servicing of finance</b>			
Interest paid		(10,483)	(20,590)
<b>Taxation</b>			
UK corporation tax received		11,194	182,683
<b>(Decrease)/increase in cash in the year</b>	12	<u>(22,876)</u>	<u>375,881</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

## 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:

Plant and office equipment	3 to 10 years
Motor vehicles	4 years

**Leasing commitments**

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. Provision is made for foreseeable losses.

**Deferred taxation**

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 financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. 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 pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

2. OPERATING PROFIT/(LOSS) is stated after charging/(crediting):	2003 £	2002 £
Operating lease rentals - land and buildings	-	20,500
Auditors' remuneration - audit services	-	2,100
Rent receivable	-	(20,500)
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NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

3.	INTEREST PAYABLE	2003 £	2002 £
	Bank interest	<u>11,625</u>	<u>18,969</u>

4.	TAX CHARGE/(CREDIT) ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	2003 £	2002 £
	(a) Analysis of charge in year		
	United Kingdom corporation tax at 30% (2002: 30%) (note 4(b))	<u>3,107</u>	<u>(12,844)</u>
	Tax on profit/(loss) on ordinary activities	<u>3,107</u>	<u>(12,844)</u>

## (b) Factors affecting tax charge in year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are as follows:

	£	£
Profit/(loss) on ordinary activities before tax	<u>16,679</u>	<u>(40,706)</u>
	£	£
Tax at 30% thereon	5,004	(12,212)
Capital allowances in excess of depreciation	<u>(1,897)</u>	<u>(632)</u>
Current tax charge/(credit) for the year (note 4(a))	<u>3,107</u>	<u>(12,844)</u>

## (c) Factors affecting future tax charges

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

5.	DEBTORS	2003 £	2002 £
	Trade debtors	-	17,968
	Group relief receivable	-	9,544
	Other debtors	-	1,142
	Value added tax	-	3,553
		<u>-</u>	<u>32,207</u>

## NOTES TO THE ACCOUNTS

Year ended 31 March 2003

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003 £	2002 £
Convertible unsecured redeemable loan stock 2003	-	2,000
Convertible unsecured redeemable loan stock 2004	-	20,000
Bank overdraft	452,018	429,142
Trade creditors	73,966	121,627
Amounts owed to group undertakings	4,227	21,617
Accruals and deferred income	-	3,604
	<u>530,211</u>	<u>597,990</u>

The loan stock was converted to £1 'B' ordinary shares on 17 May 2002.

7. CALLED UP SHARE CAPITAL	2003 £	2002 £
<b>Authorised</b>		
211,000 £1 'A' ordinary shares	211,000	211,000
139,000 £1 'B' ordinary shares	139,000	139,000
	<u>350,000</u>	<u>350,000</u>
	£	£
<b>Allotted and fully paid</b>		
191,243 £1 'A' ordinary shares	191,243	191,243
59,000 £1 'B' ordinary shares (2002: 37,000 shares)	59,000	37,000
	<u>250,243</u>	<u>228,243</u>

On 17 May 2002 22,000 £1 'B' ordinary shares were issued at par on conversion of loan stock.

**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.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

## 8. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2002	(794,026)
Retained profit for the financial year	13,572
	<hr/>
At 31 March 2003	(780,454)
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## 9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEBTS

	2003 £	2002 £
Profit/(loss) for the financial year	13,572	(27,862)
Issue of shares	22,000	-
	<hr/>	<hr/>
Net reduction/(addition) to shareholders' debts	35,572	(27,862)
Opening shareholders' debts	(565,783)	(537,921)
	<hr/>	<hr/>
Closing shareholders' debts	(530,211)	(565,783)
	<hr/>	<hr/>

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

	2003 £	2002 £
Operating profit/(loss)	28,304	(21,737)
Decrease in debtors	21,521	346,300
Increase/(decrease) in creditors	(73,412)	(110,775)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(23,587)	213,788
	<hr/>	<hr/>

## 11. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2002 £	Cash flow £	Non-cash changes £	At 31 March 2003 £
Bank overdraft	(429,142)	(22,876)	-	(452,018)
Debt due within one year	(22,000)	-	22,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(451,142)	(22,876)	22,000	(452,018)
	<hr/>	<hr/>	<hr/>	<hr/>

## NOTES TO THE ACCOUNTS

Year ended 31 March 2003

12. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT

	2003 £	2002 £
(Decrease)/increase in cash in the year	(22,876)	375,881
Conversion of unsecured redeemable loan stock 2003	2,000	-
Conversion of unsecured redeemable loan stock 2004	20,000	-
	<hr/>	<hr/>
Movement in net debt in year	(876)	375,881
Net debt at beginning of year	(451,142)	(827,023)
	<hr/>	<hr/>
Net debt at end of year	<u>(452,018)</u>	<u>(451,142)</u>

## 13. 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 2003, the overall commitment was nil (2002: nil).

## 14. DIRECTORS

Messrs D M Telling, C S Acheson and I R Stewart are directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts.

## 15. EMPLOYEES

## Number of employees

MITIE Engineering Services (West Midlands) Limited had no employees during the current and preceding financial year other than directors.

## 16. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of MITIE Group PLC, MITIE Engineering Services (West Midlands) Limited, has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

**NOTES TO THE ACCOUNTS****Year ended 31 March 2003****17. PENSION ARRANGEMENTS**

For the purposes of Financial Reporting Standard 17, the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme, the MITIE Group Pension Scheme, on a consistent and reasonable basis. Therefore, following full implementation of FRS17, the company will account for contributions to the scheme as if it were a defined contribution scheme. At 31 March 2003, the valuation of the scheme for the purposes of FRS17 showed a net pension liability as set out in the report and accounts of MITIE Group PLC.

**18. 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.