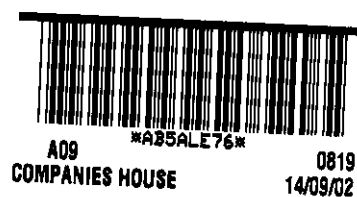


**MITIE BUILDING MAINTENANCE (SOUTH EAST) LIMITED**

**Report and Financial Statements**

**31 March 2002**

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



**REPORT AND FINANCIAL STATEMENTS 2002**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the accounts	8

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
R J Hassall  
I R Stewart

**SECRETARIES**

C K Ross  
A F Waters (resigned 31 March 2002)

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wroughton  
Bristol  
BS40 5SA

**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 annual report and audited financial statements for the year ended 31 March 2002.

### **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 has not traded during the year and is not expected to trade in the foreseeable future.

### **RESULTS AND DIVIDENDS**

The loss for the year after taxation amounted to nil (2001: £64). The directors do not propose the payment of a dividend (2001: nil) and recommend that nil be transferred from reserves.

The company enjoys the support of its parent undertaking.

### **DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
R J Hassall  
I R Stewart (appointed 31 October 2001)

No director held any interest in the share capital of the company.

**DIRECTORS' REPORT (continued)****DIRECTORS AND THEIR INTERESTS (continued)**

Messrs D M Telling and I R Stewart 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.

	At 31 March 2002 2.5p Ordinary shares No.	At 1 April 2001 5p Ordinary shares No.
R J Hassall	3,470,500	1,739,900

On 2 April 2001 each 5p subdivided into two ordinary shares of 2.5p each.

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

**AUDITORS**

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



C K Ross  
Secretary

12 August 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MITIE BUILDING MAINTENANCE (SOUTH EAST) LIMITED**

We have audited the financial statements of MITIE Building Maintenance (South East) Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the 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.

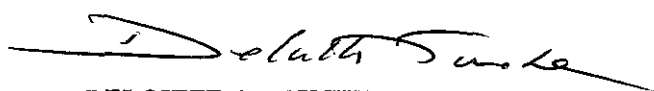
**Basis of audit opinion**

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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

12 August 2002

**Deloitte  
Touche  
Tohmatsu**

Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Financial Services Authority in respect of regulated activities.

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2002

	Notes	Discontinued operations	
		2002	2001
		£	£
<b>TURNOVER</b>	1	-	-
Cost of sales		-	-
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
<b>OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	-	-
Tax on profit on ordinary activities	3	-	(64)
		<hr/>	<hr/>
<b>RETAINED LOSS FOR THE YEAR</b>	8	-	(64)
		<hr/>	<hr/>

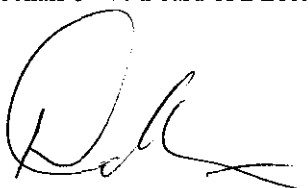
There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

**BALANCE SHEET**  
At 31 March 2002

	Notes	£	2002 £	£	2001 £
<b>CURRENT ASSETS</b>					
Debtors	4	-	-	-	-
Cash at bank and in hand		-	-	-	-
		-	-	-	-
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	5	(585,247)	(585,247)	(585,247)	(585,247)
<b>NET CURRENT LIABILITIES</b>			(585,247)	(585,247)	(585,247)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(585,247)	(585,247)	(585,247)
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
Convertible loan stock	6		(99,000)	(99,000)	(99,000)
<b>NET LIABILITIES</b>			(684,247)	(684,247)	(684,247)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	7		386,100	386,100	386,100
Profit and loss account	8		(1,070,347)	(1,070,347)	(1,070,347)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	9		(684,247)	(684,247)	(684,247)

These financial statements were approved by the Board of Directors on 12 August 2002.

Signed on behalf of the Board of Directors



D M Telling  
Director



**CASH FLOW STATEMENT**  
Year ended 31 March 2002

	Notes	2002 £	2001 £
Net cash outflow from operating activities	10	-	(367,273)
Decrease in cash in the year	12	-	(367,273)

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2002**1. ACCOUNTING POLICIES****Accounting convention**

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

**Turnover**

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom, from the company's principal activity.

<b>2. OPERATING PROFIT</b> is stated after charging/(crediting):	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration - audit services	-	-
	<u>          </u>	<u>          </u>
The auditors' remuneration is borne by the parent company.		
<b>3. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
UK current year taxation		
Prior years	-	(64)
	<u>          </u>	<u>          </u>
<b>4. DEBTORS</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Corporation tax recoverable	-	-
	<u>          </u>	<u>          </u>
<b>5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	585,247	585,247
	<u>          </u>	<u>          </u>

## NOTES TO THE ACCOUNTS

Year ended 31 March 2002

## 6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
3% Convertible unsecured loan stock 1998/2003	99,000	99,000

The convertible unsecured loan stock may be converted at the holder's option into fully paid ordinary shares of £1 each at any time during the month of February in the years 1998 to 2003 inclusive. If the loan stock is not converted it will be redeemable at par on 1 April 2003.

The interest on the loan stock has been waived until further notice by the holder and the holder has confirmed that the loan stock will not be converted until after March 2002.

## 7. CALLED UP SHARE CAPITAL

	2002 £	2001 £
<b>Authorised</b>		
465,000 £1 'A' ordinary shares	465,000	465,000
35,000 £1 'B' ordinary shares	35,000	35,000
	<u>500,000</u>	<u>500,000</u>
	£	£
<b>Allotted and fully paid</b>		
352,100 £1 'A' ordinary shares	352,100	352,100
34,000 £1 'B' ordinary shares	34,000	34,000
	<u>386,100</u>	<u>386,100</u>

## 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 2002**8. PROFIT AND LOSS ACCOUNT**

	£
At 1 April 2001	(1,070,347)
Retained loss for the year	-
<b>At 31 March 2002</b>	<b>(1,070,347)</b>

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

	2002 £	2001 £
Loss for the financial year	-	(64)
Net reduction to shareholders' funds	-	(64)
Opening shareholders' funds	(684,247)	(684,183)
<b>Closing shareholders' funds</b>	<b>(684,247)</b>	<b>(684,247)</b>

**10. RECONCILIATION OF OPERATING PROFIT TO NET CASH  
OUTFLOW FROM OPERATING ACTIVITIES**

	2002 £	2001 £
Operating profit	-	-
Decrease in debtors	-	-
Decrease in creditors	-	(367,273)
<b>Net cash outflow from operating activities</b>	<b>-</b>	<b>(367,273)</b>

**11. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 April 2001 £	Cash flow £	At 31 March 2002 £
Cash at bank and in hand	-	-	-
Debt due after one year	(99,000)	-	(99,000)
	<b>(99,000)</b>	<b>-</b>	<b>(99,000)</b>

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2002**12. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT**

	2002 £	2001 £
Decrease in cash in the year	-	(367,273)
Net (debt)/funds at beginning of year	(99,000)	268,273
Net debt at end of year	<u>(99,000)</u>	<u>(99,000)</u>

**13. FINANCIAL COMMITMENTS****Operating leases**

At 31 March 2002 the company had no annual commitments under non-cancellable operating leases (2001: nil).

**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 2002, the overall commitment was nil (2001: nil).

**14. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

No emoluments were payable to the directors, who were the only employees, of the company during the current and preceding financial year.

**15. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of MITIE Group PLC, MITIE Building Maintenance (South East) Limited, has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

**16. 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. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.