

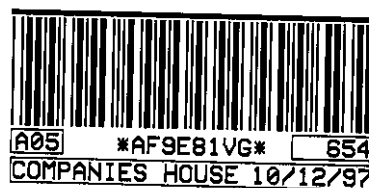


**MITIE ENGINEERING MAINTENANCE (WEST) LIMITED**

**Report and Financial Statements**

**31 March 1997**

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





**REPORT AND FINANCIAL STATEMENTS 1997**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	9



**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
T G Lewis  
N Quintin  
D Needs  
C S Acheson  
P T Spellissy

**SECRETARIES**

A F Waters  
M O Thomas

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wroughton  
Bristol  
BS18 7SA

**BANKERS**

Midland Bank plc  
49 Corn Street  
Bristol  
BS99 7PP

**AUDITORS**

Deloitte & Touche  
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 1997.

### **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 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. 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 maintenance 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 £138,660 (1996: £113,166). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed 12p per share	24,000
Transfer to reserves	114,660
	<hr/>
	138,660
	<hr/>

### **FIXED ASSETS**

Details of movements in fixed assets during the year are set out in Note 6 to the financial statements.



**DIRECTORS' REPORT (continued)**

**DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
 T G Lewis  
 N Quintin  
 D Needs  
 C S Acheson (appointed 6 June 1996)  
 P T Spellissy (appointed 6 June 1996)

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

	<b>31 March 1997</b> <b>£1 'B' ordinary shares</b> <b>Number</b>	<b>1 April 1996</b> <b>£1 'B' ordinary shares</b> <b>Number</b>
N Quintin	20,000	20,000
D Needs	8,000	8,000

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

Mr D M Telling is a director of MITIE Group PLC, the parent undertaking, and his 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:

	<b>31 March 1997</b> <b>10p Ordinary shares</b> <b>Number</b>	<b>1 April 1996</b> <b>25p Ordinary shares</b> <b>Number</b>
T G Lewis	1,261,915	564,766
N Quintin	16,750	10,000
D Needs	-	-
C S Acheson	588,150	235,260
P T Spellissy	24,250	9,700

**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 1997 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 137 days.

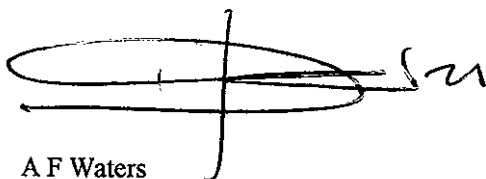


**DIRECTORS' REPORT (continued)**

**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



A F Waters  
Secretary

16 July 1997



## Chartered Accountants

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

Telephone: National 0117 921 1622  
International + 44 117 921 1622  
Fax (Gp. 3): 0117 929 2801

## AUDITORS' REPORT TO THE MEMBERS OF

## MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on page 9.

### 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

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

*21 July 1997*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1997**

	Notes	Continuing operations 1997 £	1996 £
<b>TURNOVER</b>		2,432,069	2,084,908
Cost of sales		(1,858,781)	(1,615,261)
<b>GROSS PROFIT</b>		573,288	469,647
Administrative expenses		(384,529)	(323,546)
<b>OPERATING PROFIT</b>	2	188,759	146,101
Interest receivable	3	18,877	19,132
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		207,636	165,233
Tax on profit on ordinary activities	4	(68,976)	(52,067)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		138,660	113,166
Dividends	5	(24,000)	(24,000)
<b>RETAINED PROFIT FOR THE YEAR</b>	11	114,660	89,166

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**  
**31 March 1997**

	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	6	165,291	179,448
<b>CURRENT ASSETS</b>			
Work in progress	7	225,682	172,953
Debtors	8	405,810	261,071
Cash at bank and in hand		643,512	360,058
		<u>1,275,004</u>	<u>794,082</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(881,031)</u>	<u>(528,926)</u>
<b>Net current assets</b>		<u>393,973</u>	<u>265,156</u>
<b>NET ASSETS</b>		<u>559,264</u>	<u>444,604</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	200,000	200,000
Profit and loss account	11	359,264	244,604
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>559,264</u>	<u>444,604</u>

These financial statements were approved by the Board of Directors on 16 July 1997

Signed on behalf of the Board of Directors



D M Telling  
 Director



**CASH FLOW STATEMENT**  
**Year ended 31 March 1997**

	Notes	1997	1996
		£	£
<b>Net cash inflow from operating activities</b>	13	388,652	177,937
<b>Returns on investments and servicing of finance</b>			
Interest received		20,173	18,958
<b>Net cash inflow from returns on investments and servicing of finance</b>		20,173	18,958
<b>Taxation</b>			
UK corporation tax paid		(51,776)	(45,827)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(63,095)	(125,072)
Receipts from sales of tangible fixed assets		13,500	4,000
<b>Net cash outflow from capital expenditure</b>		(49,595)	(121,072)
<b>Equity dividends paid</b>		(24,000)	(24,000)
<b>Increase in cash in the year</b>	14	283,454	5,996



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1997**

**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 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:

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 periods. The finance element of the rental payments is charged to the profit and loss account over the period 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. Provision is made for foreseeable losses.

**Deferred taxation**

Provision is made for deferred taxation using the liability method in respect of timing differences to the extent that liabilities will crystallise in the foreseeable future.

**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.

**Compliance with accounting standards**

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



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

<b>2. OPERATING PROFIT</b> is stated after charging/(crediting):	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Depreciation	72,594	55,077
Operating lease rentals: land and buildings	2,100	2,100
Auditors' remuneration: audit services	1,500	1,500
Profit on disposal of fixed assets	(8,842)	(131)
	<hr/>	<hr/>
<b>3. INTEREST RECEIVABLE</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	18,877	19,132
	<hr/>	<hr/>
<b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>UK current year taxation</b>		
UK corporation tax at 33% (1996: 33%)	69,200	52,000
<b>Prior years</b>		
UK corporation tax	(224)	67
	<hr/>	<hr/>
	68,976	52,067
	<hr/>	<hr/>
<b>5. DIVIDENDS</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Final proposed:		
'A' ordinary 12p (1996: 12p) per share	20,640	20,640
'B' ordinary 12p (1996: 12p) per share	3,360	3,360
	<hr/>	<hr/>
	24,000	24,000
	<hr/>	<hr/>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

**6. TANGIBLE FIXED ASSETS**

**(1) Summary**

	<b>Office equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
1 April 1996	28,048	285,720	313,768
Additions	1,942	61,153	63,095
Disposals	-	(67,805)	(67,805)
<b>31 March 1997</b>	<b>29,990</b>	<b>279,068</b>	<b>309,058</b>
<b>Depreciation</b>			
1 April 1996	5,399	128,921	134,320
Charge for the year	6,754	65,840	72,594
Disposals	-	(63,147)	(63,147)
<b>31 March 1997</b>	<b>12,153</b>	<b>131,614</b>	<b>143,767</b>
<b>Net book value 31 March 1997</b>	<b>17,837</b>	<b>147,454</b>	<b>165,291</b>
<b>31 March 1996</b>	<b>22,649</b>	<b>156,799</b>	<b>179,448</b>

**(2) Capital commitments**

At 31 March 1997 the directors had authorised capital expenditure of £23,000 (1996: £65,000).

**7. WORK IN PROGRESS**

	<b>1997 £</b>	<b>1996 £</b>
Work in progress	267,374	185,482
Cash received on account	(41,692)	(12,529)
	<b>225,682</b>	<b>172,953</b>

**8. DEBTORS**

	<b>1997 £</b>	<b>1996 £</b>
Trade debtors	323,854	232,445
Amounts owed by parent undertaking and fellow subsidiary undertakings	79,720	25,360
Other debtors	1,396	2,426
Advance corporation tax recoverable	840	840
	<b>405,810</b>	<b>261,071</b>

**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1997**

<b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Trade creditors	524,963	367,535
Amounts owed to parent undertaking and fellow subsidiary undertakings	70,659	24,177
Corporation tax	68,360	52,000
Other taxes and social security costs	93,732	48,524
Other creditors	15,611	2,072
Accruals and deferred income	4,500	2,500
Payments on account	78,366	7,278
Proposed dividend	24,000	24,000
Advance corporation tax payable	840	840
	<u>881,031</u>	<u>528,926</u>

**10. CALLED UP SHARE CAPITAL**

<b>(1) Authorised</b>	<b>1997</b>	
	<b>Number</b>	<b>£</b>
£1 'A' ordinary shares	172,000	172,000
£1 'B' ordinary shares	28,000	28,000
	<u>200,000</u>	<u>200,000</u>
 <b>(2) Allotted and fully paid</b>	 <b>1997</b>	 <b>1996</b>
	<b>£</b>	<b>£</b>
£1 'A' ordinary shares	172,000	172,000
£1 'B' ordinary shares	28,000	28,000
	<u>200,000</u>	<u>200,000</u>

**(3) 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 1997**

**11. PROFIT AND LOSS ACCOUNT**

	£
1 April 1996	244,604
Retained profit for the year	114,660
	<hr/>
31 March 1997	359,264
	<hr/>

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

	1997 £	1996 £
Profit for the financial year	138,660	113,166
Proposed dividend	(24,000)	(24,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	114,660	89,166
Opening shareholders' funds	444,604	355,438
	<hr/>	<hr/>
Closing shareholders' funds	559,264	444,604
	<hr/>	<hr/>

**13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1997 £	1996 £
Operating profit	188,759	146,101
Depreciation charges	72,594	55,077
Profit on disposal of tangible fixed assets	(8,842)	(131)
Increase in work in progress	(52,729)	(79,607)
(Increase)/decrease in debtors	(146,035)	26,317
Increase in creditors	334,905	30,180
	<hr/>	<hr/>
Net cash inflow from operating activities	388,652	177,937
	<hr/>	<hr/>

**14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	1997 £	1996 £
Increase in cash for the year	283,454	5,996
Net funds at 1 April	360,058	354,062
	<hr/>	<hr/>
Net funds at 31 March	643,512	360,058
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

**15. FINANCIAL COMMITMENTS**

**(1) Operating leases**

At 31 March 1997 the company had no annual commitments under non-cancellable operating leases (1996: £nil).

**(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**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	76,622	73,384
	<u>Number</u>	<u>Number</u>
The number of directors who were members of a defined benefit pension scheme	5	5

Mr D M Telling is also a director of MITIE Group PLC and his pension details are disclosed in the group accounts.

**17. EMPLOYEES**

**(1) Number of employees**

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

	<b>1997</b>	<b>1996</b>
	<b>Number</b>	<b>Number</b>
Site labour	22	18
Administration and management	8	8
	<u>30</u>	<u>26</u>
<b>(2) Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	622,255	545,874
Social security costs	57,439	53,821
Other pension costs	10,350	6,465
	<u>690,044</u>	<u>606,160</u>





**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

**18. RELATED PARTY TRANSACTIONS**

MITIE Group PLC is a 86% shareholder of MITIE Engineering Maintenance (West) Limited and is the holder of the 'A' ordinary shares.

During the year MITIE Engineering Maintenance (West) Limited purchased cleaning services of £21,490 from MITIE Cleaning (South West) Limited, a company in the MITIE group, on normal commercial terms. An amount of £9,486 is included in creditors in respect of these services.

During the year, the company purchased motor vehicle goods and services to a value of £66,216 from Cole Motors Limited, a group company on normal commercial terms. An amount of £10,555 is included in creditors in respect of these purchases.

Included in debtors is an amount of £79,720 due from MITIE Group PLC. This is an intercompany loan and has increased by £54,360 during the year. Included in creditors is an amount of £50,618 due to MITIE Engineering (Bristol) Limited. This is an intercompany loan and has increased by £18,360 during the year.

The company paid management charges of £28,000 and £43,450 to MITIE Group PLC and MITIE Engineering Services (Bristol) Limited a company within the MITIE group.

**19. PARENT UNDERTAKING**

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking. Copies of the group financial statements can be obtained from the company secretary at the registered office.