

Company Number 2684714

**Deloitte
& Touche**

MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

Report and Financial Statements

31 March 2001

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



REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
C S Acheson
M G Brown
A B Horwood
T G Lewis
D Needs
N A Quintin
I R Stewart

SECRETARIES

A F Waters
M O Thomas (resigned 4 May 2000)
C K Ross (appointed 4 May 2000)

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Bristol
BS40 5SA

BANKERS

HSBC 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 annual report and audited financial statements for the year ended 31 March 2001.

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 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 maintenance of electrical and mechanical services in commercial and industrial premises.

The company's business has 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 £180,927 (2000: £30,761). The directors recommend this amount be dealt with as follows:

	£
Ordinary dividends:	
- Final proposed 'A' ordinary shares of £1.775 per share	305,300
- Final proposed 'B' ordinary shares of £1.775 per share	49,700
Transferred from reserves	(174,073)
	<hr/> 180,927 <hr/>

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

The directors during the year were as follows:

D M Telling	
T G Lewis	
D Needs	
N A Quintin	
M G Brown	(appointed 13 March 2001)
A B Horwood	(appointed 9 January 2001)
I R Stewart	(appointed 13 March 2001)
C S Acheson	(resigned 13 March 2001)

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

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.

Other directors' interests in the shares of the ultimate parent company, MITIE Group PLC, were as follows:

	At 31 March 2001 5p Ordinary shares No.	At 1 April 2000 5p Ordinary shares No.
M G Brown	-	-
A B Horwood	-	-
T G Lewis	2,500,530	2,500,530
D Needs	35,296	40,296
N A Quintin	21,296	159,296

Share Options

		At 1 April 2000	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2001
D Needs	(i)	1,191	1,215	£3.00	2005	2006	-	-	2,406
N A Quintin	(i)	10,225	2,340	£3.00	2005	2006	3,450	£0.40	9,115

(i) Options under the Savings Related Option Scheme

Further details of the MITIE Group PLC Share Schemes are given in the accounts of that company.

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. As at 31 March 2001 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 67 (2000: 54) days.

In the industry in which the company operates credit periods are frequently extended by agreement. The company's creditor days are a reflection of this custom.

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 handwritten signature in black ink, appearing to read 'C K Ross', with a stylized flourish at the end.

C K Ross
Secretary

20 August 2001

**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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 2001 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

20 August 2001

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2001

	Notes	Continuing operations	
		2001	2000
		£	£
TURNOVER	1	4,023,016	3,148,366
Cost of sales		(3,140,323)	(2,511,817)
GROSS PROFIT		882,693	636,549
Administrative expenses		(626,446)	(598,457)
OPERATING PROFIT	2	256,247	38,092
Interest receivable	3	4,987	12,685
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		261,234	50,777
Tax on profit on ordinary activities	4	(80,307)	(20,016)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		180,927	30,761
Dividends	5	(355,000)	(15,000)
Transfer from reserves		174,073	-
RETAINED PROFIT FOR THE YEAR	11	-	15,761

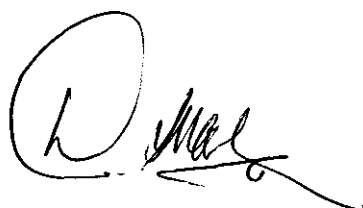
There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
At 31 March 2001

	Notes	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	6	183,183	190,456
CURRENT ASSETS			
Work in progress	7	286,870	100,276
Debtors	8	818,596	560,765
Cash at bank and in hand		239,107	181,619
		<u>1,344,573</u>	<u>842,660</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(1,159,160)</u>	<u>(490,447)</u>
NET CURRENT ASSETS		<u>185,413</u>	<u>352,213</u>
NET ASSETS		<u>368,596</u>	<u>542,669</u>
CAPITAL AND RESERVES			
Called up share capital	10	200,000	200,000
Profit and loss account	11	168,596	342,669
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>368,596</u>	<u>542,669</u>

These financial statements were approved by the Board of Directors on 20 August 2001.

Signed on behalf of the Board of Directors



D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 2001

	Notes	2001		2000	
		£	£	£	£
Net cash inflow from operating activities	13		150,949		55,233
Returns on investments and servicing of finance					
Interest received			5,790		12,945
Taxation					
UK corporation tax paid			(6,593)		(85,798)
Capital expenditure					
Payments to acquire tangible fixed assets		(84,908)		(110,652)	
Receipts from disposal of tangible fixed assets		7,250		24,459	
Net cash outflow from capital expenditure			(77,658)		(86,193)
Equity dividends paid			(15,000)		(63,000)
Increase/(decrease) in cash in the year	15		57,488		(166,813)

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

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 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	4 to 10 years
Motor vehicles	4 years

Leasing and hire purchase 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

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.

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

2. OPERATING PROFIT is stated after charging/(crediting):	2001	2000
	£	£
Depreciation	86,931	97,099
Operating lease rentals - land and buildings	16,334	7,855
Auditors' remuneration - audit services	2,500	2,500
Profit on disposal of tangible fixed assets	(2,000)	(11,362)
	<u> </u>	<u> </u>
3. INTEREST RECEIVABLE	2001	2000
	£	£
Bank interest receivable	4,987	12,685
	<u> </u>	<u> </u>
4. TAX ON PROFIT ON ORDINARY ACTIVITIES	2001	2000
	£	£
UK current year taxation		
UK corporation tax at 30% (2000: 30%)	80,921	20,400
Prior years		
UK corporation tax	(614)	(384)
	<u> </u>	<u> </u>
	80,307	20,016
	<u> </u>	<u> </u>
5. DIVIDENDS	2001	2000
	£	£
Final proposed:		
'A' ordinary £1.775 (2000: £0.075) per share	305,300	12,900
'B' ordinary £1.775 (2000: £0.075) per share	49,700	2,100
	<u> </u>	<u> </u>
	355,000	15,000
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001**6. TANGIBLE FIXED ASSETS**

Summary	Plant £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2000	9,150	37,860	385,541	432,551
Additions	3,952	5,948	75,008	84,908
Disposals	-	-	(34,065)	(34,065)
At 31 March 2001	13,102	43,808	426,484	483,394
Depreciation				
At 1 April 2000	3,268	30,794	208,033	242,095
Charge for the year	2,148	2,557	82,226	86,931
Disposals	-	-	(28,815)	(28,815)
At 31 March 2001	5,416	33,351	261,444	300,211
Net book value				
At 31 March 2001	<u>7,686</u>	<u>10,457</u>	<u>165,040</u>	<u>183,183</u>
At 31 March 2000	<u>5,882</u>	<u>7,066</u>	<u>177,508</u>	<u>190,456</u>

Capital commitments

At 31 March 2001 the directors had authorised capital expenditure of nil (2000: nil).

7. WORK IN PROGRESS

	2001 £	2000 £
Work in progress	306,084	141,013
Payments received on account	(19,214)	(40,737)
	<u>286,870</u>	<u>100,276</u>

8. DEBTORS

	2001 £	2000 £
Trade debtors	693,867	548,436
Amounts owed by group undertakings	124,261	7,823
Other debtors	468	1,682
Prepayments and accrued income	-	2,824
	<u>818,596</u>	<u>560,765</u>

NOTES TO THE ACCOUNTS**Year ended 31 March 2001**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2001	2000
	£	£
Payments on account	-	12,295
Trade creditors	558,923	310,780
Amounts owed to group undertakings	27,875	14,077
Corporation tax	73,931	218
Other taxes and social security costs	108,934	110,280
Other creditors	10,929	14,104
Accruals and deferred income	23,568	13,693
Proposed dividend	355,000	15,000
	<u>1,159,160</u>	<u>490,447</u>

10. CALLED UP SHARE CAPITAL

	2001 and 2000	
	No.	£
Authorised		
£1 'A' ordinary shares	172,000	172,000
£1 'B' ordinary shares	28,000	28,000
	<u>200,000</u>	<u>200,000</u>
	2001	2000
	£	£
Allotted and fully paid		
172,000 £1 'A' ordinary shares	172,000	172,000
28,000 £1 'B' ordinary shares	28,000	28,000
	<u>200,000</u>	<u>200,000</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 2001**11. PROFIT AND LOSS ACCOUNT**

	£
At 1 April 2000	342,669
Transfer from reserves	(174,073)
	<hr/>
At 31 March 2001	168,596
	<hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	180,927	30,761
Proposed dividend	(355,000)	(15,000)
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(174,073)	15,761
Opening shareholders' funds	542,669	526,908
	<hr/>	<hr/>
Closing shareholders' funds	368,596	542,669
	<hr/>	<hr/>

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

	2001 £	2000 £
Operating profit	256,247	38,092
Depreciation charges	86,931	97,099
Profit on disposal of tangible fixed assets	(2,000)	(11,362)
(Increase)/decrease in work in progress	(186,594)	80,237
Increase in debtors	(258,598)	(144,750)
Increase/(decrease) in creditors	254,963	(4,083)
	<hr/>	<hr/>
Net cash inflow from operating activities	150,949	55,233
	<hr/>	<hr/>

14. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2000 £	Cash flows £	At 31 March 2001 £
Cash at bank and in hand	181,619	57,488	239,107
	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

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

	2001 £	2000 £
Increase/(decrease) in cash for the year	57,488	(166,813)
Net funds at beginning of year	181,619	348,432
Net funds at end of year	<u>239,107</u>	<u>181,619</u>

16. FINANCIAL COMMITMENTS**Operating leases**

At 31 March 2001 the company had no annual commitments under non-cancellable operating leases (2000: nil).

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 2001, the overall commitment was nil (2000: nil).

17. DIRECTORS

	2001 £	2000 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	<u>88,851</u>	<u>83,137</u>

Some directors also provide services to other companies in MITIE Group PLC and their emoluments are disclosed in those accounts. It is not practicable to allocate their remuneration between their services as directors of MITIE Engineering Maintenance (West) Limited and their services as directors of other group companies.

	No.	No.
The number of directors who were members of:		
- a defined benefit pension scheme	5	3
- a defined contribution pension scheme	<u>-</u>	<u>1</u>

There were no contributions paid to a defined contribution pension scheme in either year.

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

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

18. EMPLOYEES**Number of employees**

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

	2001 No.	2000 No.
Site labour	33	29
Administration and management	10	12
	<u>43</u>	<u>41</u>
Employment costs	£	£
Wages and salaries	1,083,661	993,561
Social security costs	112,026	111,008
Other pension costs	20,788	16,293
	<u>1,216,475</u>	<u>1,120,862</u>

19. RELATED PARTY TRANSACTIONS

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

20. 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.