

Company Number 2684714

MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

Report and Financial Statements

31 March 1996

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





REPORT AND FINANCIAL STATEMENTS 1996

CONTENTS

	Page
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 1996

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
Wrighton
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 1996.

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 £113,166 (1995: £92,013). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed 12p per share	24,000
Transfer to reserves	89,166
	<hr/> 113,166 <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

The directors during the year were as follows:

D M Telling
T G Lewis
N Quintin
D Needs
C S Acheson (appointed 1 June 1996)
P T Spellissy (appointed 1 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:

	31 March 1996	1 April 1995
	£1 'B' ordinary shares	£1 'B' ordinary shares
	Number	Number
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:

	31 March 1996	1 April 1995
	25p Ordinary shares	25p Ordinary shares
	Number	Number
T G Lewis	564,766	568,766
N Quintin	10,000	10,000
D Needs	-	-

PAYMENT POLICY

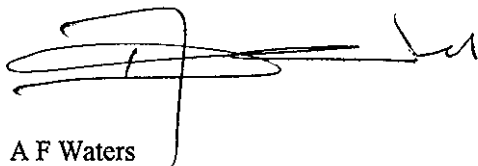
The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms.

DIRECTORS' REPORT (continued)

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. 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

14 August 1996



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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

19 August 1996

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1996

	Notes	Continuing operations 1996 £	1995 £
TURNOVER		2,084,908	1,863,593
Cost of sales		(1,615,261)	(1,501,818)
GROSS PROFIT		469,647	361,775
Administrative expenses		(323,546)	(237,453)
OPERATING PROFIT	2	146,101	124,322
Interest receivable	3	19,132	13,847
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		165,233	138,169
Tax on profit on ordinary activities	4	(52,067)	(46,156)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		113,166	92,013
Dividends	5	(24,000)	(24,000)
RETAINED PROFIT FOR THE YEAR	11	89,166	68,013

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 1996

	Notes	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	6		179,448		113,322
CURRENT ASSETS					
Work in progress	7	172,953		93,346	
Debtors	8	261,071		286,374	
Cash at bank and in hand		360,058		354,062	
		<u>794,082</u>		<u>733,782</u>	
CREDITORS: amounts falling due within one year	9	<u>(528,926)</u>		<u>(491,666)</u>	
Net current assets			<u>265,156</u>		<u>242,116</u>
NET ASSETS			<u>444,604</u>		<u>355,438</u>
CAPITAL AND RESERVES					
Called up share capital	10				
Equity shares		200,000		172,000	
Non-equity shares		<u>-</u>		<u>28,000</u>	
			200,000		200,000
Profit and loss account	11				
Equity		244,604		133,677	
Non-equity		<u>-</u>		<u>21,761</u>	
			<u>244,604</u>		<u>155,438</u>
TOTAL SHAREHOLDERS' FUNDS			<u>444,604</u>		<u>355,438</u>

These financial statements were approved by the Board of Directors on *14 August 1996*

Signed on behalf of the Board of Directors



D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 1996

	Notes	1996		1995	
		£	£	£	£
Net cash inflow from operating activities	13		177,937		215,050
Returns on investments and servicing of finance					
Interest received		18,958		13,630	
Dividends paid		(24,000)		(24,000)	
Net cash outflow from returns on investments and servicing of finance			(5,042)		(10,370)
Taxation					
UK Corporation tax paid			(45,827)		(40,221)
Investing activities					
Purchase of tangible fixed assets		(125,072)		(82,231)	
Disposal of tangible fixed assets		4,000		10,600	
Net cash outflow from investing activities			(121,072)		(71,631)
Increase in cash and cash equivalents	14		5,996		92,828



NOTES TO THE ACCOUNTS
Year ended 31 March 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and 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.

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

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.

Leasing commitments

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.



NOTES TO THE ACCOUNTS

Year ended 31 March 1996

2. OPERATING PROFIT is stated after charging/(crediting):	1996	1995
	£	£
Depreciation	55,077	49,700
Operating lease rentals: land and buildings	2,100	2,440
Auditors' remuneration: audit services	1,500	1,500
Profit on disposal of fixed assets	(131)	(1,094)
	<u> </u>	<u> </u>
 3. INTEREST RECEIVABLE	 1996	 1995
	£	£
Bank interest receivable	19,132	13,847
	<u> </u>	<u> </u>
 4. TAX ON PROFIT ON ORDINARY ACTIVITIES	 1996	 1995
	£	£
UK current year taxation		
UK Corporation Tax at 33% (1995: 33%)	52,000	46,600
 Prior years		
UK Corporation Tax	67	(444)
	<u> </u>	<u> </u>
	52,067	46,156
	<u> </u>	<u> </u>
 5. DIVIDENDS	 1996	 1995
	£	£
Final proposed:		
'A' ordinary 12p (1995: 12p) per share	20,640	20,640
'B' ordinary 12p (1995: 12p) per share	3,360	3,360
	<u> </u>	<u> </u>
	24,000	24,000
	<u> </u>	<u> </u>


NOTES TO THE ACCOUNTS
Year ended 31 March 1996
6. TANGIBLE FIXED ASSETS
(1) Summary

	Office equipment £	Motor vehicles £	Total £
Cost			
1 April 1995	5,048	205,089	210,137
Additions	23,000	102,072	125,072
Disposals	-	(21,441)	(21,441)
31 March 1996	<u>28,048</u>	<u>285,720</u>	<u>313,768</u>
Depreciation			
1 April 1995	2,303	94,512	96,815
Charge for the year	3,096	51,981	55,077
Disposals	-	(17,572)	(17,572)
31 March 1996	<u>5,399</u>	<u>128,921</u>	<u>134,320</u>
Net book value			
31 March 1996	<u>22,649</u>	<u>156,799</u>	<u>179,448</u>
31 March 1995	<u>2,745</u>	<u>110,577</u>	<u>113,322</u>

(2) Capital commitments

At 31 March 1996 the directors had authorised capital expenditure of £65,000 (1995: Nil).

7. WORK IN PROGRESS

	1996 £	1995 £
Work in progress	185,482	189,955
Cash received on account	(12,529)	(96,609)
	<u>172,953</u>	<u>93,346</u>

8. DEBTORS

	1996 £	1995 £
Trade debtors	232,445	278,865
Amounts owed from parent undertaking and fellow subsidiary undertakings	25,360	6,087
Other debtors	2,426	1,422
Advance corporation tax recoverable	840	-
	<u>261,071</u>	<u>286,374</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

9. CREDITORS: amounts falling due within one year	1996	1995
	£	£
Trade creditors	367,535	278,885
Amounts owed to parent undertaking and fellow subsidiary undertakings	24,177	3,562
Corporation tax	52,000	45,760
Other taxes and social security costs	48,524	65,801
Other creditors	2,072	12,868
Accruals and deferred income	2,500	11,375
Payments on account	7,278	49,415
Proposed dividend	24,000	24,000
Advance corporation tax payable	840	-
	<u>528,926</u>	<u>491,666</u>

10. CALLED UP SHARE CAPITAL

	1996	
(1) Authorised	Number	£
£1 'A' ordinary shares	172,000	172,000
£1 'B' ordinary shares	28,000	28,000
	<u>200,000</u>	<u>200,000</u>
(2) Allotted and fully paid	1996	1995
	£	£
£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.

As noted to be the intention in the 1995 statutory accounts, the Articles of Association have been amended during the year such that both classes of share are now defined as equity shares.

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

11. PROFIT AND LOSS ACCOUNT

	£
1 April 1995	155,438
Retained profit for the year	89,166
	<hr/>
31 March 1996	244,604
	<hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	113,166	92,013
Proposed dividend	(24,000)	(24,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	89,166	68,013
Opening shareholders' funds	355,438	287,425
	<hr/>	<hr/>
Closing shareholders' funds	444,604	355,438
	<hr/>	<hr/>

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

	1996 £	1995 £
Operating profit	146,101	124,322
Depreciation charges	55,077	49,700
Profit on disposal of tangible fixed assets	(131)	(1,094)
(Increase)/decrease in work in progress	(79,607)	63,171
Decrease/(increase) in debtors	26,317	(193,906)
Increase in creditors	30,180	172,857
	<hr/>	<hr/>
Net cash inflow from operating activities	177,937	215,050
	<hr/>	<hr/>

14. CASH AND CASH EQUIVALENTS

	1996 £	1995 £
Balance of cash and cash equivalents		
Cash at bank and in hand	360,058	354,062
	<hr/>	<hr/>
Change in the balance of cash and cash equivalents		
1 April	354,062	261,234
Net cash inflow for the year	5,996	92,828
	<hr/>	<hr/>
31 March	360,058	354,062
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

15. FINANCIAL COMMITMENTS

(1) Operating leases

At 31 March 1996 the company had no annual commitments under non-cancellable operating leases (1995: 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

(1) Emoluments

The emoluments of directors of the company were:

	1996	1995
	£	£
Fees and other emoluments (including pension contributions and benefits-in-kind)	<u>73,384</u>	<u>65,191</u>

(2) Bandings

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

The chairman	-	-
The highest-paid director	<u>38,941</u>	<u>34,909</u>

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

	Number	Number
£0 - £5,000	1	1
£25,001 - £30,000	<u>1</u>	<u>1</u>



NOTES TO THE ACCOUNTS
Year ended 31 March 1996

17. EMPLOYEES

(1) Number of employees

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

	1996 Number	1995 Number
Site labour	18	18
Administration and management	8	5
	<hr/> 26	<hr/> 23
(2) Employment costs	£	£
Wages and salaries	545,874	461,523
Social security costs	53,821	44,227
Other pension costs	6,465	4,275
	<hr/> 606,160	<hr/> 510,025

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.