



MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

Report and Financial Statements

31 March 1995



**Touche Ross & Co.
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP**

REPORT AND FINANCIAL STATEMENTS 1995

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
T G Lewis
N Quintin
D Needs

SECRETARY

A F Waters

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Bristol
BS18 7SA

BANKERS

Midland Bank plc
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Touche Ross & Co.
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 1995.

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 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, subject to any material departures disclosed and explained in the financial statements; 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 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 £92,013 (1994: £81,499). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed 12p per share	24,000
Transfer to reserves	68,013
	<hr/>
	92,013
	<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

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

	31 March 1995 £1 'B' ordinary shares Number	1 April 1994 £1 'B' ordinary shares Number
N Quintin	20,000	20,000
D Needs	8,000	8,000

No other director had a beneficial interest in the shares 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.

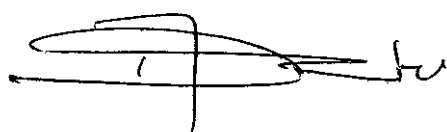
Other directors' interests in the share capital of MITIE Group PLC are as follows:

	31 March 1995 25p Ordinary shares Number	1 April 1994 50p Ordinary shares Number
T G Lewis	568,766	287,383
N Quintin	10,000	5,000
D Needs	-	-

AUDITORS

The Bristol Partnership of BDO Binder Hamlyn merged their practice with Touche Ross & Co. on 5 October 1994 and now carry on business under the name of Touche Ross & Co. The directors consented to the appointment of the Bristol Partnership of BDO Binder Hamlyn as auditors of the company being treated as extending to Touche Ross & Co. A resolution to re-appoint Touche Ross & Co. as auditors will be proposed at the Annual General Meeting.

**Approved by the Board of Directors
and signed on behalf of the Board**



A F Waters
Secretary

16 August 1995



Chartered Accountants

Touche Ross & Co.
Queen Anne House
69-71 Queen Square
Bristol BS1 4JP

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AUDITORS' REPORT TO THE MEMBERS OF MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

25 August 1995

Chartered Accountants and
Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1995

	Notes	Continuing operations 1995 £	1994 £
TURNOVER		1,863,593	1,209,931
Cost of sales		(1,501,818)	(911,194)
GROSS PROFIT		361,775	298,737
Administrative expenses		(237,453)	(190,232)
OPERATING PROFIT	2	124,322	108,505
Interest receivable	3	13,847	13,846
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		138,169	122,351
Tax on profit on ordinary activities	4	(46,156)	(40,852)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		92,013	81,499
Dividends (including non-equity)	5	(24,000)	(24,000)
RETAINED PROFIT FOR THE YEAR	11	68,013	57,499

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

BALANCE SHEET
31 March 1995

	Notes	1995		1994	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		113,322		90,297
CURRENT ASSETS					
Work in progress	7	93,346		156,517	
Debtors	8	286,374		92,251	
Cash at bank and in hand		354,062		261,234	
		<u>733,782</u>		<u>510,002</u>	
CREDITORS: amounts falling due within one year	9	<u>(491,666)</u>		<u>(312,874)</u>	
Net current assets			<u>242,116</u>		<u>197,128</u>
NET ASSETS			<u>355,438</u>		<u>287,425</u>
CAPITAL AND RESERVES					
Called up share capital	10				
Equity shares		172,000		172,000	
Non-equity shares		<u>28,000</u>		<u>28,000</u>	
			200,000		200,000
Profit and loss account	11				
Equity		133,677		75,186	
Non-equity		<u>21,761</u>		<u>12,239</u>	
			<u>155,438</u>		<u>87,425</u>
TOTAL SHAREHOLDERS' FUNDS			<u>355,438</u>		<u>287,425</u>

Non-equity shares are classified as equity shares for the purposes of the Companies Act 1985.

These financial statements were approved by the Board of Directors on 16 August 1995.

Signed on behalf of the Board of Directors



D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 1995

	Notes	1995		1994	
		£	£	£	£
Net cash inflow from operating activities	13		215,050		55,478
Returns on investments and servicing of finance					
Interest received		13,630		13,681	
Dividends paid		<u>(24,000)</u>		<u>(36,646)</u>	
Net cash outflow from returns on investments and servicing of finance			(10,370)		(22,965)
Taxation					
UK Corporation tax paid			(40,221)		(36,527)
Investing activities					
Purchase of tangible fixed assets		(82,231)		(40,749)	
Sale of tangible fixed assets		<u>10,600</u>		<u>11,950</u>	
Net cash outflow from investing activities			<u>(71,631)</u>		<u>(28,799)</u>
Increase/(decrease) in cash and cash equivalents	14		<u>92,828</u>		<u>(32,813)</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards other than as detailed in Note 10.

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.

Leasing commitments

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

2. OPERATING PROFIT is stated after charging/(crediting):	1995	1994
	£	£
Depreciation	49,700	41,472
Operating lease rentals: land and buildings	2,440	1,400
Auditors' remuneration: audit services	1,500	1,500
Profit on disposal of fixed assets	(1,094)	(9,070)
	<hr/>	<hr/>
3. INTEREST RECEIVABLE		
Bank interest receivable	13,847	13,846
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

4.	TAXATION	1995	1994
		£	£
	UK current year taxation		
	UK Corporation Tax at 33% (1994: 33%)	46,600	40,800
	Prior years		
	UK Corporation Tax	(444)	52
	Tax on profit on ordinary activities	<u>46,156</u>	<u>40,852</u>
5.	DIVIDENDS		
	Final proposed:		
	'A' ordinary 12p (1994: 12p) per share (equity)	20,640	20,640
	'B' ordinary 12p (1994: 12p) per share (non equity)	<u>3,360</u>	<u>3,360</u>
	31 March	<u>24,000</u>	<u>24,000</u>
6.	TANGIBLE FIXED ASSETS		
	(1) Summary	Office equipment £	Motor vehicles £
			Total £
	Cost		
	1 April 1994	5,048	160,767
	Additions	-	82,231
	Disposals	-	(37,909)
	31 March 1995	<u>5,048</u>	<u>205,089</u>
	Depreciation		
	1 April 1994	1,293	74,225
	Charge for the year	1,010	48,690
	Disposals	-	(28,403)
	31 March 1995	<u>2,303</u>	<u>94,512</u>
	Net book value		
	31 March 1995	<u>2,745</u>	<u>110,577</u>
	31 March 1994	<u>3,755</u>	<u>86,542</u>

(2) Capital commitments

At 31 March 1995 the directors had authorised capital expenditure of Nil (1994: Nil).

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

7. WORK IN PROGRESS	1995	1994
	£	£
Work in progress	189,955	221,419
Payments on account	(96,609)	(64,902)
	<u>93,346</u>	<u>156,517</u>
8. DEBTORS		
Trade debtors	278,865	85,110
Amounts owed from parent undertaking and fellow subsidiary undertakings	6,087	5,601
Other debtors	1,422	1,540
	<u>286,374</u>	<u>92,251</u>
9. CREDITORS: amounts falling due within one year		
Trade creditors	278,885	118,664
Amounts owed to parent undertaking and fellow subsidiary undertakings	3,562	13,097
Corporation tax	45,760	39,825
Other taxes and social security costs	65,801	41,074
Other creditors	12,868	5,124
Accruals and deferred income	11,375	49,500
Payments on account	49,415	21,590
Proposed dividend	24,000	24,000
	<u>491,666</u>	<u>312,874</u>
10. CALLED UP SHARE CAPITAL		
(1) Authorised	Number	1995 £
£1 'A' ordinary shares (equity)	172,000	172,000
£1 'B' ordinary shares (non-equity)	28,000	28,000
	<u>200,000</u>	<u>200,000</u>
(2) Allotted and fully paid	1995 £	1994 £
£1 'A' ordinary shares	172,000	172,000
£1 'B' ordinary shares	28,000	28,000
31 March	<u>200,000</u>	<u>200,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

10. CALLED UP SHARE CAPITAL (continued)

(3) Rights attached to shares

The company's Articles of Association entitle the holders of the £1 'B' ordinary shares to a fixed dividend of 12p per annum for each share held. 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, 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 share have equal voting rights.

Under Financial Reporting Standard 4 'Capital Instruments', non-equity shareholders' funds of the company would be disclosed as the non-equity element of called up share capital only. Applying this standard would not give a true and fair view as it has always been the shareholders' intentions that all rights of both classes of shareholder be equal. The Articles of Association will accordingly be altered to reflect this intention and therefore the balance of profit and loss account reserves is shared between both classes of shareholder in the proportion of shares held.

11. PROFIT AND LOSS ACCOUNT

	£
1 April 1994	87,425
Retained profit for the year	68,013
	<hr/>
31 March 1995	155,438
	<hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial year	92,013	81,499
Proposed dividend	(24,000)	(24,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	68,013	57,499
Opening shareholders' funds	287,425	229,926
	<hr/>	<hr/>
Closing shareholders' funds	355,438	287,425
	<hr/>	<hr/>

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

Operating profit	124,322	108,505
Depreciation charges	49,700	41,472
Profit on sale of tangible fixed assets	(1,094)	(9,070)
Decrease/(increase) in work in progress	63,171	(79,794)
Increase in debtors	(193,906)	(35,707)
Increase in creditors	172,857	30,072
	<hr/>	<hr/>
Net cash inflow from operating activities	215,050	55,478
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

14. CASH AND CASH EQUIVALENTS

	1995	1994
	£	£
Balance of cash and cash equivalents		
Cash at bank and in hand	354,062	261,234
	<u> </u>	<u> </u>
Change in the balance of cash and cash equivalents		
1 April	261,234	294,047
Net cash inflow/(outflow) for the year	92,828	(32,813)
	<u> </u>	<u> </u>
31 March	354,062	261,234
	<u> </u>	<u> </u>

15. FINANCIAL COMMITMENTS

(1) Operating leases

At 31 March 1995 the company had no annual commitments under non-cancellable operating leases (1994: 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:

Fees and other emoluments (including pension contributions and benefits-in-kind)	65,191	55,544
	<u> </u>	<u> </u>

(2) Bandings

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

The chairman	-	-
The highest-paid director	34,909	30,162
	<u> </u>	<u> </u>

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

	Number	Number
£0 - £5,000	1	1
£20,001 - £25,000	-	1
£25,001 - £30,000	1	-
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1995

17. EMPLOYEES

(1) Number of employees

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

	1995 Number	1994 Number
Site labour	18	16
Administration and management	5	5
	<u>23</u>	<u>21</u>

(2) Employment costs

	£	£
Wages and salaries	461,523	404,384
Social security costs	44,227	42,995
Other pension costs	4,275	2,945
	<u>510,025</u>	<u>450,324</u>

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.