

MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

Report and Financial Statements

31 March 2004

**Deloitte & Touche LLP
Bristol**



MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M G Brown
A B Horwood
R McGregor-Smith
D A Needs
N A Quintin
I R Stewart

SECRETARY

C K Ross

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

HSBC Bank plc
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Deloitte & Touche LLP
Bristol

MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2004.

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 the system of internal control, 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 current year.

The company ceased trading during the prior year and at 1 October 2002 the remaining assets and liabilities were transferred into MITIE Engineering Maintenance (South West) Limited.

The company's principal activity was the maintenance of electrical and mechanical services in commercial and industrial premises.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to nil (2003: £74,204). The directors recommend this amount be dealt with as follows:

	2004 £	2003 £
Ordinary dividends:		
- Final paid 'A' ordinary shares of 44.06p (2003: nil) per share	75,788	-
- Final paid 'B' ordinary shares of nil (2003: nil) per share	-	-
Transferred from reserves	(75,788)	(74,204)
	<u>-</u>	<u>(74,204)</u>

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

The directors during the year were as follows:

M G Brown
 A B Horwood
 D A Needs
 N A Quintin
 I R Stewart
 R McGregor-Smith (appointed 7 October 2003)
 D M Telling (resigned 10 October 2003)

No director had a beneficial interest in the share capital of the company or any other group company, except as disclosed below.

I R Stewart and R McGregor-Smith 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 2004 2.5p Ordinary shares No.	At 1 April 2003 2.5p Ordinary shares No.
D A Needs	50,992	50,992
N A Quintin	56,119	56,119

Share Options

		At 1 April 2003	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2004
D A Needs	(i)	4,812	-	-	2004	2005	-	-	4,812
N A Quintin	(i)	10,747	2,654	£1.20	2004	2008	-	-	13,401

(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.

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 2004 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented nil days (2003: nil days).

DIRECTORS' REPORT (continued)

EMPLOYEES

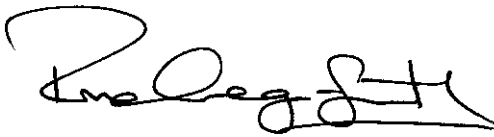
The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their attitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company recognises the importance of good communications and employee relationships. In each company there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purpose of the business and the commercial realities of success. Employees are encouraged to become shareholders through the Savings Related Share Option Scheme.

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provision of Section 26(5) of the Companies Act 1989. A resolution to reappoint Deloitte & Touche LLP as the company's auditors will 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 'R McGregor-Smith', written over a horizontal line.

R McGregor-Smith
Director

29 July 2004

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

We have audited the financial statements of MITIE Engineering Maintenance (West) Limited for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet and related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of 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 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Bristol

29 July 2004

MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2004

	Notes	Discontinued operations	
		2004 £	2003 £
TURNOVER	1	-	1,841,016
Cost of sales		-	(1,581,349)
GROSS PROFIT		-	259,667
Administrative expenses		-	(354,609)
OPERATING LOSS	2	-	(94,942)
Interest payable	3	-	(9,830)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(104,772)
Tax on loss on ordinary activities	4	-	30,568
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		-	(74,204)
Dividends	5	(75,788)	-
RETAINED LOSS FOR THE FINANCIAL YEAR	9	(75,788)	(74,204)

There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

BALANCE SHEET

At 31 March 2004

	Notes	2004 £	2003 £
CURRENT ASSETS			
Debtors	6	331,130	841,768
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(75,788)	(510,638)
NET CURRENT ASSETS		<u>255,342</u>	<u>331,130</u>
NET ASSETS		<u>255,342</u>	<u>331,130</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	8	200,000	200,000
Profit and loss account	9	55,342	131,130
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>255,342</u>	<u>331,130</u>

These financial statements were approved by the Board of Directors on 29 July 2004.

Signed on behalf of the Board of Directors



R McGregor-Smith
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

1. ACCOUNTING POLICIES

Accounting convention

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

Cash flow statement

The company has taken the exemption from the requirement to prepare a cash flow statement, as it is included within the consolidated financial statements of MITIE Group PLC and greater than 90% of the voting rights of the company are held by MITIE Group PLC.

Turnover

All turnover arose within the United Kingdom, from the company's principal activity.

2. OPERATING LOSS is stated after charging/(crediting):	2004	2003
	£	£
Depreciation	-	45,165
Auditors' remuneration - audit services	-	1,000
Profit on disposal of tangible fixed assets	-	(2,171)
	<hr/>	<hr/>
3. INTEREST PAYABLE	2004	2003
	£	£
Bank interest	-	9,830
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£	£
(a) Analysis of charge in year		
United Kingdom corporation tax at nil (2003: 30%)	-	(46,031)
Adjustment in respect of prior years	-	901
	<hr/>	<hr/>
Total current tax (note 4(b))	-	(45,130)
Deferred taxation:		
Timing differences - origination and reversal	-	15,532
Adjustment in respect of prior years	-	(970)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<hr/>	<hr/>

(b) Factors affecting tax charge in year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of nil (2003: 30%). The differences are as follows:

	£	£
Loss on ordinary activities before tax	<hr/>	<hr/>
	<hr/>	<hr/>
	£	£
Tax at nil (2003: 30%) thereon	-	(31,432)
Expenses not deductible for tax purposes	-	932
Capital allowances in excess of depreciation	-	(14,880)
Profit on disposal of tangible fixed assets	-	(651)
Prior period adjustments	-	901
	<hr/>	<hr/>
Current tax credit for the year (note 4(a))	<hr/>	<hr/>

(c) Factors affecting future tax charges

The company is not aware of any matters that will materially affect the future tax charge.

MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2004

5. DIVIDENDS	2004	2003
	£	£
Final proposed: 'A' ordinary 44.06p (2003: nil) per share	75,788	-
	<u> </u>	<u> </u>
6. DEBTORS	2004	2003
	£	£
Amounts owed by group undertakings	331,130	841,768
	<u> </u>	<u> </u>
No deferred tax asset has been recognised at 31 March 2004 (2003: nil). This asset related to negative accelerated capital allowances. The amount charged to the profit and loss account in the year was £nil (2003: £14,562).		
7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2004	2003
	£	£
Bank overdraft	-	510,638
Amounts owed to group undertakings	75,788	-
	<u> </u>	<u> </u>
	75,788	510,638
	<u> </u>	<u> </u>
8. CALLED UP SHARE CAPITAL	2004	2003
	£	£
Authorised		
172,000 £1 'A' ordinary shares	172,000	172,000
28,000 £1 'B' ordinary shares	28,000	28,000
	<u> </u>	<u> </u>
	200,000	200,000
	<u> </u>	<u> </u>
	£	£
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> </u>	<u> </u>
	200,000	200,000
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

8. CALLED UP SHARE CAPITAL (continued)

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.

9. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2003	131,130
Retained loss for the financial year	(75,788)
	<hr/>
At 31 March 2004	55,342
	<hr/>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the financial year	-	(74,204)
Proposed dividend	(75,788)	-
	<hr/>	<hr/>
Net reduction to shareholders' funds	(75,788)	(74,204)
Opening shareholders' funds	331,130	405,334
	<hr/>	<hr/>
Closing shareholders' funds	255,342	331,130
	<hr/>	<hr/>

MITIE ENGINEERING MAINTENANCE (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

11. DIRECTORS

	2004 £	2003 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	-	55,051

I R Stewart and R McGregor-Smith are directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts. A B Horwood, D A Needs and N A Quintin are remunerated by MITIE Engineering Maintenance (South West) Limited and M G Brown by MITIE Engineering Maintenance Limited. 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	2	2

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

12. EMPLOYEES

Number of employees

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

	2004 No.	2003 No.
Site labour	-	21
Administration and management	-	2
	-	23

	£	£
Employment costs		
Wages and salaries	-	607,665
Social security costs	-	37,359
Other pension costs	-	8,566
	-	653,590

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

13. 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.

14. PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

Contributions to the scheme for the period are shown in note 12 and the agreed contribution rate for the next 12 months is 10% (2003: 10%) and 7.5% (2003: 7.5%) for the group and employees respectively.

An updated FRS17 valuation of the scheme as at 31 March 2004 indicated that the scheme was 85% funded.

15. 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. MITIE Group PLC is both the smallest and largest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.