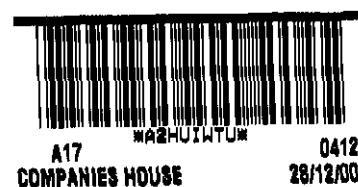


**MITIE ENGINEERING MAINTENANCE (WEST) LIMITED**

**Report and Financial Statements**

**31 March 2000**



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

**REPORT AND FINANCIAL STATEMENTS 2000**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the accounts	8

**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

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

**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 2000.

**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 £30,761 (1999: £126,584). The directors recommend this amount be dealt with as follows:

Ordinary dividend:	£
- Final proposed 'A' ordinary shares of £0.075 per share	12,900
- Final proposed 'B' ordinary shares of £0.075 per share	2,100
Transferred to reserves	15,761
	<hr/>
	30,761
	<hr/>

**FIXED ASSETS**

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

**DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

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

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

**MITIE ENGINEERING MAINTENANCE (WEST) LIMITED****DIRECTORS' REPORT (continued)**

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 were as follows:

	At 31 March 2000 5p Ordinary shares No.	At 1 April 1999 5p Ordinary shares No.
C S Acheson	814,750	902,350
T G Lewis	2,500,530	2,504,830
D Needs	40,296	48,296
N A Quintin	159,296	169,996

**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 2000 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 54 (1999: 75) 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.

**YEAR 2000**

The year 2000 project completed all critical milestones well within the project timescale and all the primary business systems have completed both the millennium rollover and leap year rollover without any issues. Although these critical dates have been successfully passed, the Executive Steering Committee is not being complacent in considering the possible impact from latent problems outside the control of MITIE.

We have made considerable effort in determining the compliance of critical players in our suppliers/customer chain and are confident of continued trouble free operation.

The year 2000 project team will remain operational, with suitable contingency plans, until it is considered that sufficient time has passed for all possible external issues to be identified and resolved.

**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

11 August 2000

## **AUDITORS' REPORT TO THE MEMBERS OF**

### **MITIE ENGINEERING MAINTENANCE (WEST) LIMITED**

We have audited the financial statements on pages 5 to 14 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, 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and  
Registered Auditors

14 August 2000

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2000**

	Notes	Continuing operations 2000 £	1999 £
<b>TURNOVER</b>	1	3,148,366	2,718,498
Cost of sales		(2,511,817)	(2,074,309)
<b>GROSS PROFIT</b>		636,549	644,189
Administrative expenses		(598,457)	(481,203)
<b>OPERATING PROFIT</b>	2	38,092	162,986
Interest receivable	3	12,685	29,277
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		50,777	192,263
Tax on profit on ordinary activities	4	(20,016)	(65,679)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		30,761	126,584
Dividends	5	(15,000)	(63,000)
<b>RETAINED PROFIT FOR THE YEAR</b>	11	15,761	63,584

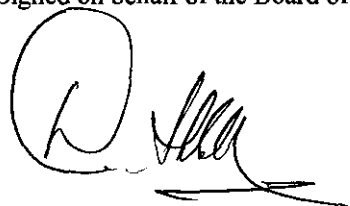
There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

**BALANCE SHEET**  
**At 31 March 2000**

	Notes	2000		1999	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		190,456		178,084
<b>CURRENT ASSETS</b>					
Work in progress	7	100,276		180,513	
Debtors	8	560,765		416,275	
Cash at bank and in hand		181,619		348,432	
		842,660		945,220	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	(490,447)		(596,396)	
<b>NET CURRENT ASSETS</b>			352,213		348,824
<b>NET ASSETS</b>			542,669		526,908
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10	200,000		200,000	
Profit and loss account	11	342,669		326,908	
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			542,669		526,908

These financial statements were approved by the Board of Directors on 11 August 2000

Signed on behalf of the Board of Directors



D M Telling  
Director



**CASH FLOW STATEMENT**  
Year ended 31 March 2000

	Notes	2000		1999	
		£	£	£	£
Net cash inflow from operating activities	13		55,233		245,058
Returns on investments and servicing of finance					
Interest received			12,945		29,447
Taxation					
UK corporation tax paid			(85,798)		(56,539)
Capital expenditure					
Payments to acquire tangible fixed assets		(110,652)		(68,841)	
Receipts from disposal of tangible fixed assets		24,459		13,572	
Net cash outflow from capital expenditure			(86,193)		(55,269)
Equity dividends paid			(63,000)		(214,438)
Decrease in cash in the year	15		(166,813)		(51,741)

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000****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.

**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**

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.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2000

<b>2. OPERATING PROFIT</b> is stated after charging/(crediting):	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Depreciation	97,099	84,532
Operating lease rentals - land and buildings	7,855	8,130
Auditors' remuneration - audit services	2,500	2,500
Profit on disposal of tangible fixed assets	(11,362)	(827)
	<u>          </u>	<u>          </u>
<b>3. INTEREST RECEIVABLE</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	12,685	29,277
	<u>          </u>	<u>          </u>
<b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
<b>UK current year taxation</b>		
UK corporation tax at 30% (1999: 31%)	20,400	66,000
<b>Prior years</b>		
UK corporation tax	(384)	(321)
	<u>          </u>	<u>          </u>
	20,016	65,679
	<u>          </u>	<u>          </u>
<b>5. DIVIDENDS</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Final proposed:		
'A' ordinary £0.075 (1999: 31.5p) per share	12,900	54,180
'B' ordinary £0.075 (1999: 31.5p) per share	2,100	8,820
	<u>          </u>	<u>          </u>
	15,000	63,000
	<u>          </u>	<u>          </u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2000

## 6. TANGIBLE FIXED ASSETS

Summary	Plant £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 1999	2,436	35,967	378,622	417,025
Additions	6,714	1,893	113,961	122,568
Disposals	-	-	(107,042)	(107,042)
At 31 March 2000	9,150	37,860	385,541	432,551
<b>Depreciation</b>				
At 1 April 1999	1,945	24,694	212,302	238,941
Charge for the year	1,323	6,100	89,676	97,099
Disposals	-	-	(93,945)	(93,945)
At 31 March 2000	3,268	30,794	208,033	242,095
<b>Net book value</b>				
At 31 March 2000	5,882	7,066	177,508	190,456
At 31 March 1999	491	11,273	166,320	178,084

## Capital commitments

At 31 March 2000 the directors had authorised capital expenditure of nil (1999: nil).

## 7. WORK IN PROGRESS

	2000 £	1999 £
Work in progress	141,013	323,683
Cash received on account	(40,737)	(143,170)
	100,276	180,513

## 8. DEBTORS

	2000 £	1999 £
Trade debtors	548,436	402,081
Amounts owed by parent undertaking and fellow subsidiary undertakings	7,823	10,852
Other debtors	1,682	3,342
Prepayments and accrued income	2,824	-
	560,765	416,275

NOTES TO THE ACCOUNTS  
Year ended 31 March 2000

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000 £	1999 £
Trade creditors	310,780	303,016
Amounts owed to parent undertaking and fellow subsidiary undertakings	14,077	47,225
Corporation tax	218	66,000
Other taxes and social security costs	110,280	80,044
Other creditors	14,104	23,139
Accruals and deferred income	13,693	3,651
Payments on account	12,295	10,321
Proposed dividend	15,000	63,000
	<u>490,447</u>	<u>596,396</u>

## 10. CALLED UP SHARE CAPITAL

	1999 and 2000	
	No.	£
<b>Authorised</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>
	2000	1999
	£	£
<b>Allotted and fully paid</b>		
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 2000

## 11. PROFIT AND LOSS ACCOUNT

	£
At 1 April 1999	326,908
Retained profit for the year	15,761
At 31 March 2000	<u>342,669</u>

## 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	30,761	126,584
Proposed dividend	(15,000)	(63,000)
Net addition to shareholders' funds	<u>15,761</u>	<u>63,584</u>
Opening shareholders' funds	526,908	463,324
Closing shareholders' funds	<u>542,669</u>	<u>526,908</u>

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

	2000 £	1999 £
Operating profit	38,092	162,986
Depreciation charges	97,099	84,532
Profit on disposal of tangible fixed assets	(11,362)	(827)
Decrease/(increase) in work in progress	80,237	(58,514)
(Increase)/decrease in debtors	(144,750)	197,145
Decrease in creditors	(4,083)	(140,264)
Net cash inflow from operating activities	<u>55,233</u>	<u>245,058</u>

## 14. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 1999 £	Cash flows £	At 31 March 2000 £
Cash at bank and in hand	<u>348,432</u>	<u>(166,813)</u>	<u>181,619</u>

**NOTES TO THE ACCOUNTS**

Year ended 31 March 2000

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

	2000 £	1999 £
Decrease in cash for the year	(166,813)	(51,741)
Net funds at 1 April	348,432	400,173
<b>Net funds at 31 March</b>	<u>181,619</u>	<u>348,432</u>

**16. FINANCIAL COMMITMENTS****Operating leases**

At 31 March 2000 the company had no annual commitments under non-cancellable operating leases.

**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 2000, the overall commitment was nil.

**17. DIRECTORS**

	2000 £	1999 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	<u>81,137</u>	<u>83,291</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	3	3
- a money purchase pension scheme	<u>1</u>	<u>1</u>

There were no contributions paid to a money purchase scheme in either year.

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

NOTES TO THE ACCOUNTS  
Year ended 31 March 2000

## 18. EMPLOYEES

## Number of employees

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

	2000 No.	1999 No.
Site labour	29	28
Administration and management	12	9
	<u>41</u>	<u>37</u>
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	993,561	910,632
Social security costs	111,008	90,142
Other pension costs	16,293	11,408
	<u>1,182,862</u>	<u>1,012,182</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.