

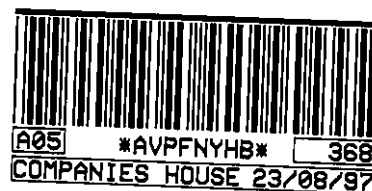


MITIE BUILDING SERVICES LIMITED

Report and Financial Statements

31 March 1997

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





REPORT AND FINANCIAL STATEMENTS 1997

CONTENTS

	Page
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 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
I R Stewart
J Astley
C S Acheson
R G Brown
W Robson
P T Spellissy

SECRETARIES

A F Waters
M O Thomas

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Bristol
BS18 7SA

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 1997.

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, 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. 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 did not trade during the year.

RESULTS AND DIVIDENDS

The result for the year after taxation amounted to £nil (1996: loss of £89). The directors do not propose the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

D M Telling
I R Stewart
J Astley
C S Acheson
R G Brown
W Robson
P T Spellissy

No director had a beneficial interest in the share capital of the company at the beginning or end of the financial year.

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.

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

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

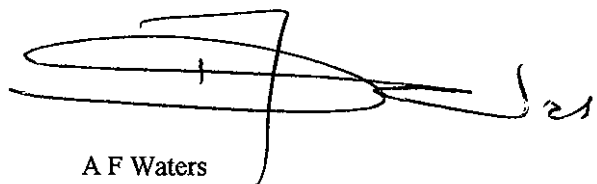
	31 March 1997	1 April 1996
	10p Ordinary shares	25p Ordinary shares
	Number	Number
C S Acheson	588,150	235,260
J Astley	229,610	94,244
P T Spellissy	24,250	9,700
W Robson	641,652	266,661

No other director had a beneficial interest in the share capital of MITIE Group PLC.

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

14/8/97



Chartered Accountants

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

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International + 44 117 921 1622
Fax (Gp. 3): 0117 929 2801

AUDITORS' REPORT TO THE MEMBERS OF MITIE BUILDING SERVICES LIMITED

We have audited the financial statements on pages 5 to 10 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 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

18/8/97

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors



PROFIT AND LOSS ACCOUNT
Year ended 31 March 1997

	Note	Discontinued operations	
		1997	1996
		£	£
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative expenses		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Tax on profit on ordinary activities	2	-	(89)
RETAINED LOSS FOR THE YEAR		-	(89)

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 1997

	Notes	1997 £	1996 £
CURRENT ASSETS			
Debtors	3	74,235	-
Cash at bank and in hand		-	74,324
		<u>74,235</u>	<u>74,324</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	4	(4,035)	(4,124)
NET ASSETS		<u>70,200</u>	<u>70,200</u>
CAPITAL AND RESERVES			
Called up share capital	5	100,000	100,000
Profit and loss account	6	(29,800)	(29,800)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>70,200</u>	<u>70,200</u>

These financial statements were approved by the Board of Directors on **14 August 1997**

Signed on behalf of the Board of Directors



D M Telling
 Director



CASH FLOW STATEMENT
Year ended 31 March 1997

	Notes	1997 £	1996 £
Net cash outflow from operating activities	8	-	(6,935)
Returns on investments and servicing of finance			
Interest received		-	358
Taxation			
UK corporation tax paid		-	(741)
Financing			
Loan to parent undertaking		(74,324)	-
Decrease in cash in the year	9	<u>(74,324)</u>	<u>(7,318)</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

2. TAX ON PROFIT ON ORDINARY ACTIVITIES	1997	1996
	£	£
UK current year taxation		
UK corporation tax at 25% (1996: 25%)	-	89
	<hr/>	<hr/>
3. DEBTORS	1997	1996
	£	£
Amounts owed by parent undertaking	74,235	-
	<hr/>	<hr/>
4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997	1996
	£	£
Amounts owed to parent undertaking and fellow subsidiary undertakings	4,035	4,035
Corporation tax	-	89
	<hr/>	<hr/>
	4,035	4,124
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 March 1997

5. CALLED UP SHARE CAPITAL

	1997	
(1) Authorised	Number	£
£1 Ordinary shares	100,000	100,000
	<hr/>	<hr/>
(2) Allotted and fully paid	1997	1996
	£	£
£1 Ordinary shares	100,000	100,000
	<hr/>	<hr/>

6. PROFIT AND LOSS ACCOUNT

	£
1 April 1996 and 31 March 1997	(29,800)
	<hr/>

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Loss for the financial year	-	(89)
Opening shareholders' funds	70,200	70,289
	<hr/>	<hr/>
Closing shareholders' funds	70,200	70,200
	<hr/>	<hr/>

8. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1997	1996
	£	£
Decrease in creditors	-	(6,935)
	<hr/>	<hr/>
Net cash outflow from operating activities	-	(6,935)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 March 1997

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

	1997 £	1996 £
Decrease in cash for the year	(74,324)	(7,318)
Movement in net funds in the year	(74,324)	(7,318)
Net funds at 1 April	74,324	81,642
Net funds at 31 March	-	74,324

10. DIRECTORS AND EMPLOYEES

There were no employees during the year and the directors received no emoluments during the year (1996: £nil).

11. 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.

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