

**Touche
Ross**

Deloitte Touche
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REGISTRAR

Company Number 2891712

MITIE CLEANING (MIDLANDS) LIMITED
(formerly Fixagent Limited)

Report and Financial Statements

18 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

I R Stewart
D M Telling
D J Robertson
D J L Evans

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 period from incorporation to 18 March 1995.

These financial statements have been made up to 18 March 1995, being a date not more than seven days after the accounting reference date as permitted by Section 223 of the Companies Act 1985.

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 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 was incorporated on 26 January 1994 as Fixagent Limited and changed its name to MITIE Cleaning (Midlands) Limited on 21 February 1994. The company commenced trading on 1 March 1994.

The company provides cleaning and support service consultancy to industrial and commercial clients.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £52,347. The directors do not propose the payment of a dividend and recommend that £52,347 be transferred from reserves.

FIXED ASSETS

Details of movements in fixed assets during the period are set out in Note 5 to the financial statements.

DIRECTORS

The directors during the period were as follows:

I R Stewart	(appointed 10 February 1994)
D M Telling	(appointed 10 February 1994)
D J Robertson	(appointed 10 February 1994)
D J L Evans	(appointed 10 February 1994)
M O Thomas	(appointed 8 February 1994, resigned 10 February 1994)
Instant Companies	(appointed 26 January 1994, resigned 8 February 1994)
Swift Incorporations	(appointed 26 January 1994, resigned 8 February 1994)

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

None of the directors had a beneficial interest in the shares of the company during the period.

Messrs D J Robertson and D J L Evans had a beneficial interest in the loan stock of the company due to be redeemed at par in 2004:

	18 March 1995 Number	At date of appointment Number
D J Robertson	10,000	10,000
D J L Evans	20,000	20,000

Messrs I R Stewart and D M Telling 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 share capital of MITIE Group PLC are as follows:

	18 March 1995 25p Ordinary shares Number	At date of appointment 50p Ordinary shares Number
D J L Evans	52,626	27,563

No other director held an interest in the share capital of MITIE Group PLC.

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 CLEANING (MIDLANDS) 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 18 March 1995 and of its loss for the period from 26 January 1994 to 18 March 1995 and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

21 Aug 1995

Chartered Accountants and
Registered Auditors



MITIE CLEANING (MIDLANDS) LIMITED

PROFIT AND LOSS ACCOUNT

For the period 26 January 1994 to 18 March 1995

	Notes	Continuing operations 1995 £
TURNOVER		376,138
Cost of sales		(312,804)
GROSS PROFIT		63,334
Administrative expenses		(140,655)
OPERATING LOSS	2	(77,321)
Interest payable	3	(913)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(78,234)
Tax credit on loss on ordinary activities	4	25,887
RETAINED LOSS FOR THE PERIOD		(52,347)

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

BALANCE SHEET
18 March 1995

	Notes	1995	
		£	£
FIXED ASSETS			
Tangible assets	5		25,718
CURRENT ASSETS			
Debtors	6	90,438	
Cash at bank and in hand		40,547	
		<u>130,985</u>	
CREDITORS: amounts falling due within one year	7	(58,844)	
Net current assets			72,141
CREDITORS: amounts falling due after more than one year	8		(35,206)
NET ASSETS			<u>62,653</u>
CAPITAL AND RESERVES			
Called up share capital	9		
Equity shares		90,000	
Non-equity shares		25,000	
		<u>115,000</u>	
Profit and loss account			
Equity		(40,967)	
Non-equity		(11,380)	
		<u>(52,347)</u>	
TOTAL SHAREHOLDERS' FUNDS			<u>62,653</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

For the period 26 January 1994 to 18 March 1995

	Notes	1995	
		£	£
Net cash outflow from operating activities	11		(85,256)
Returns on investment and servicing of finance			
Interest paid		(913)	
Net cash outflow from returns on investment and servicing of finance			(913)
Taxation			
Group relief received			2,387
Investing activities			
Purchase of tangible fixed assets		(18,527)	
Net cash outflow from investing activities			(18,527)
Net cash outflow before financing			(102,309)
Financing			
Issue of share capital		115,000	
Issue of loan stock		30,000	
Capital element of finance lease and hire purchase rental payments	12	(2,144)	
Net cash inflow from financing			142,856
Increase in cash and cash equivalents	13		40,547



NOTES TO THE ACCOUNTS

For the period 26 January 1994 to 18 March 1995

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.

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 life, as follows:

Plant	4 to 5 years
Office equipment	5 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.

Pension costs

Pension costs represent amounts recharged to the company by MITIE Group PLC in respect of contributions to the group's pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

Compliance with accounting standards

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

2. OPERATING LOSS is stated after charging:	1995
	£
Depreciation: owned fixed assets	2,888
Depreciation: assets under finance leases and hire purchase contracts	755
Operating lease rentals	
- land and buildings	6,285
- plant and equipment	975
Auditors' remuneration: audit services	1,500

NOTES TO THE ACCOUNTS

For the period 26 January 1994 to 18 March 1995

3. INTEREST PAYABLE				1995 £
On bank overdraft				723
On finance leases and hire purchase contracts terminating within five years				190
				<u>913</u>
4. TAXATION				
UK current period taxation				25,887
Group relief				<u></u>
5. TANGIBLE FIXED ASSETS				
Summary	Office equipment £	Plant and equipment £		Total £
Cost				
Additions	2,544	24,218		26,762
Transfers	-	3,457		3,457
	<u></u>	<u></u>		<u></u>
18 March 1995	2,544	27,675		30,219
Depreciation				
Charge for the period	715	2,928		3,643
Transfers	-	858		858
	<u></u>	<u></u>		<u></u>
18 March 1995	715	3,786		4,501
Net book value				
Owned assets	1,829	13,712		15,541
Leased assets	-	10,177		10,177
	<u></u>	<u></u>		<u></u>
18 March 1995	1,829	23,889		25,718
6. DEBTORS				1995 £
Trade debtors				54,791
Corporation tax				23,500
Amounts owed by parent and subsidiary undertakings				12,147
				<u>90,438</u>

NOTES TO THE ACCOUNTS

For the period 26 January 1994 to 18 March 1995

7. CREDITORS: amounts falling due within one year	1995
	£
Trade creditors	4,376
Obligations under finance leases and hire purchase contracts	3,484
Amounts owed to parent and subsidiary undertakings	2,599
Other taxes and social security costs	24,330
Other creditors	17,398
Accruals and deferred income	6,657
	<u>58,844</u>
8. CREDITORS: amounts falling due after more than one year	
Obligations under finance lease and hire purchase contracts due between two and five years	5,206
Redeemable unsecured loan stock 2004	30,000
	<u>35,206</u>

The redeemable unsecured loan stock 2004 which was issued at par bears no interest and is redeemable at par.

Obligations under finance leases and hire purchase contracts are secured by related leased assets.

9. CALLED UP SHARE CAPITAL

(1) Authorised	Number	£
£1 'A' ordinary shares (equity)	90,000	90,000
£1 'B' ordinary shares (non-equity)	60,000	60,000
	<u>150,000</u>	<u>150,000</u>
(2) Allotted and fully paid		
£1 'A' ordinary shares		90,000
£1 'B' ordinary shares		25,000
		<u>115,000</u>

The company issued 115,000 £1 ordinary shares at par to provide working capital.

NOTES TO THE ACCOUNTS

For the period 26 January 1994 to 18 March 1995

9. 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~~holder~~ 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.

**10. RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS**

	1995 £
Loss for the financial period	(52,347)
New share capital subscribed	115,000
	<hr/>
Closing shareholders' funds	62,653

**11. RECONCILIATION OF OPERATING LOSS TO NET
CASH OUTFLOW FROM OPERATING ACTIVITIES**

Operating loss	(77,321)
Depreciation charges	3,643
Increase in debtors	(66,938)
Increase in creditors	55,360
	<hr/>
Net cash outflow from operating activities	(85,256)

**12. ANALYSIS OF CHANGES IN FINANCING DURING
THE PERIOD**

Finance leases and hire purchase contracts

Inception of finance leases and hire purchase contracts	10,834
Capital element of finance leases and hire purchase rental payments	(2,144)
	<hr/>
18 March 1995	8,690

NOTES TO THE ACCOUNTS

For the period 26 January 1994 to 18 March 1995

13. CASH AND CASH EQUIVALENTS

	1995
Balance in cash and cash equivalents	£
Cash at bank and in hand	<u>40,547</u>

14. FINANCIAL COMMITMENTS

(1) Operating leases

At 18 March 1995 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £	Other £
Expiry date:		
between two and five years	-	13,538
In over five years	<u>7,095</u>	<u>-</u>

(2) Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts.

15. DIRECTORS

(1) Emoluments

	1995
The emoluments of the directors of the company were:	£
Fees and other emoluments (including pension contributions and benefits in kind)	<u>-</u>

Mr D J L Evans is also a director of MITIE Cleaning (South West) Limited and received emoluments of £78,776 during the period from that company. It is not practicable to allocate this between his services as a director of each company.

(2) Bandings

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:	Number
The chairman	-
The highest-paid director	<u>-</u>
Other directors' emoluments (excluding pension contributions) were in the following ranges:	
£0 - £5,000	<u>3</u>

NOTES TO THE ACCOUNTS

For the period 26 January 1994 to 18 March 1995

16. EMPLOYEES

(1) Number of employees

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

	1995 Number
Operatives	105
Administration and management	3
	<hr/> 108 <hr/>
(2) Employment costs	£
Wages and salaries	365,498
Social security costs	11,499
	<hr/> 376,997 <hr/>

17. PARENT UNDERTAKING

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's parent undertaking. Copies of group financial statements can be obtained from the company secretary at the registered office.