

Company Registration Number 3320889

MITIE AIR CONDITIONING (WEST) LIMITED

Report and Financial Statements

31 March 2005



MITIE AIR CONDITIONING (WEST) LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

CONTENTS

	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9

MITIE AIR CONDITIONING (WEST) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C S Acheson
D Freeman
R McGregor-Smith
T Macleod
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 AIR CONDITIONING (WEST) LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2005.

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's principal activity is the installation and maintenance of air conditioning systems and associated mechanical and electrical systems in commercial, industrial and domestic premises.

The company's business has 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 £168,872 (2004: £64,255). The directors recommend that this be dealt with as follows:

	2005 £	2004 £
Ordinary dividends:		
- Interim paid 'A' ordinary shares £1.28 (2004: nil) per share	32,692	-
- Final proposed 'A' ordinary shares £3.31 (2004: £6.17) per share	84,440	157,348
- Final proposed 'B' ordinary shares 8p (2004: 8p) per share	1,960	1,960
Total dividends	119,092	159,308
Transfer to/(from) reserves	49,780	(95,053)
	<u>168,872</u>	<u>64,255</u>

MITIE AIR CONDITIONING (WEST) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

C S Acheson
D Freeman
R McGregor-Smith
T Macleod
I R Stewart

The beneficial interests of the directors and their families in the share capital of the company were as follows:

	At 31 March 2005 £1 'B' Ordinary shares £	At 1 April 2004 £1 'B' Ordinary shares £
T Macleod	9,500	9,500

No other director had an interest in the share capital of the company.

C S Acheson, I R Stewart and R McGregor-Smith are directors of MITIE Group PLC, the parent undertaking, and their interest in and options on the share capital of that company and other group companies are shown in the financial statements of MITIE Group PLC.

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

	At 31 March 2005 2.5p Ordinary shares No.	At 1 April 2004 2.5p Ordinary shares No.
D Freeman	906,336	1,561,336

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

No directors held any other interest in the share capital of any other group company.

Share Options

		At 1 April 2004	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2005
T Macleod	(i)	2,382	-	-	2004	-	2,382	£0.85	-
	(i)	1,574	-	-	2005	-	-	-	1,574
	(i)	1,296	-	-	2006	-	-	-	1,296
	(i)	2,389	-	-	2007	-	-	-	2,389
	(i)	2,654	-	-	2008	-	-	-	2,654
	(i)	-	2,725	£1.20	2009	-	-	-	2,725

(i) Options under the Savings Related Option Scheme

No other director held share options in MITIE Group PLC at the beginning or end of the period.

Further details of the MITIE Group PLC Share Schemes are given in the accounts of that company.

MITIE AIR CONDITIONING (WEST) LIMITED

DIRECTORS' REPORT (continued)

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 2005 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 74 days (2004: 76 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.

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

Pursuant to Section 386 Companies Act 1985, an elective resolution was passed on 14 March 2005 dispensing with the requirement to appoint auditors annually. Therefore Deloitte & Touche LLP are deemed to continue as auditors.

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



C K Ross
Secretary

19 July 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE AIR CONDITIONING (WEST) LIMITED

We have audited the financial statements of MITIE Air Conditioning (West) Limited for the year ended 31 March 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 20. 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 2005 and of its profit 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

19 July 2005

MITIE AIR CONDITIONING (WEST) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2005

	Notes	Continuing operations	
		2005	2004
		£	£
TURNOVER	1	4,701,954	2,176,756
Cost of sales		(3,886,166)	(1,666,269)
GROSS PROFIT		815,788	510,487
Administrative expenses		(568,429)	(420,022)
OPERATING PROFIT	2	247,359	90,465
Interest receivable	3	6,547	3,363
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		253,906	93,828
Tax on profit on ordinary activities	4	(85,034)	(29,573)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		168,872	64,255
Dividends	5	(119,092)	(159,308)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	11	49,780	(95,053)

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 AIR CONDITIONING (WEST) LIMITED


BALANCE SHEET

At 31 March 2005

	Notes	£	2005	£	£	2004	£
FIXED ASSETS							
Tangible assets	6		65,419			64,512	
CURRENT ASSETS							
Stocks	7	26,692			4,500		
Debtors	8	1,413,416			587,317		
Cash at bank and in hand		150			154,031		
			1,440,258		745,848		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(1,250,589)			(605,052)		
NET CURRENT ASSETS			189,669			140,796	
NET ASSETS			255,088			205,308	
SHARE CAPITAL AND RESERVES							
Called up share capital	10		50,000			50,000	
Profit and loss account	11		205,088			155,308	
TOTAL EQUITY SHAREHOLDERS' FUNDS	11		255,088			205,308	

These financial statements were approved by the Board of Directors on 19 July 2005.

Signed on behalf of the Board of Directors



R McGregor-Smith
Director

MITIE AIR CONDITIONING (WEST) LIMITED

CASH FLOW STATEMENT Year ended 31 March 2005

	Notes	2005		2004	
		£	£	£	£
Net cash inflow from operating activities	12		72,046		129,693
Returns on investments and servicing of finance					
Interest received			6,458		3,223
Taxation					
UK corporation tax paid			(28,280)		(42,415)
Capital expenditure					
Payments to acquire tangible fixed assets		(33,558)		(53,683)	
Receipts from disposal of tangible fixed assets		2,909		8,750	
Net cash outflow from capital expenditure			(30,649)		(44,933)
Equity dividends paid			(192,000)		(4,000)
(Decrease)/increase in cash in the year	14		(172,425)		41,568

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

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.

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, from the company's principal activity.

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	3 to 10 years
Motor vehicles	4 years

Leasing commitments

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

Pension costs represent amounts paid to one of the group's defined benefit pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

2. OPERATING PROFIT is stated after charging/(crediting):	2005 £	2004 £
Depreciation on owned assets	28,407	23,820
Auditors' remuneration - audit services	2,700	2,500
Loss/(profit) on disposal of tangible fixed assets	1,335	(2,060)
	<u> </u>	<u> </u>
3. INTEREST RECEIVABLE	2005 £	2004 £
Bank interest	6,547	3,153
Other	-	210
	<u>6,547</u>	<u>3,363</u>

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	2004 £
(a) Analysis of charge in year		
United Kingdom corporation tax at 30% (2004: 30%)	88,478	29,700
Adjustment in respect of prior years	(1,881)	(69)
Total current tax (note 4(b))	<u>86,597</u>	<u>29,631</u>
Deferred taxation:		
Timing differences - origination and reversal	(3,049)	(127)
Adjustment in respect of prior years	1,486	69
Tax on profit on ordinary activities	<u>85,034</u>	<u>29,573</u>

(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 30% (2004: 30%). The differences are as follows:

	£	£
Profit on ordinary activities before tax	<u>253,906</u>	<u>93,828</u>
	£	£
Tax at 30% thereon	76,172	28,148
Expenses not deductible for tax purposes	9,257	1,425
Capital allowances less than depreciation	2,648	745
Loss/(profit) on disposal of tangible fixed assets	401	(618)
Adjustment in respect of prior years	(1,881)	(69)
Current tax charge for the year (note 4(a))	<u>86,597</u>	<u>29,631</u>

(c) Factors affecting future tax charges

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

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

5. DIVIDENDS	2005 £	2004 £
Interim paid:		
'A' ordinary shares at £1.28 (2004: nil) per share	32,692	-
Final proposed:		
'A' ordinary shares of £3.31 (2004: £6.17) per share	84,440	157,348
'B' ordinary shares of 8p (2004: 8p) per share	1,960	1,960
	<u>119,092</u>	<u>159,308</u>

6. TANGIBLE FIXED ASSETS

	Plant and office equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2004	17,859	79,309	97,168
Additions	-	33,558	33,558
Disposals	(6,206)	(9,218)	(15,424)
At 31 March 2005	<u>11,653</u>	<u>103,649</u>	<u>115,302</u>
Depreciation			
At 1 April 2004	8,142	24,514	32,656
Charge for the year	5,235	23,172	28,407
Disposals	(5,227)	(5,953)	(11,180)
At 31 March 2005	<u>8,150</u>	<u>41,733</u>	<u>49,883</u>
Net book value			
At 31 March 2005	<u>3,502</u>	<u>61,917</u>	<u>65,419</u>
At 31 March 2004	<u>9,717</u>	<u>54,795</u>	<u>64,512</u>

Capital commitments

At 31 March 2005 the directors had authorised capital expenditure of nil (2004: nil).

7. STOCKS	2005 £	2004 £
Work in progress	<u>26,692</u>	<u>4,500</u>

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

8. DEBTORS	2005 £	2004 £
Trade debtors	1,211,663	250,059
Amounts recoverable on contracts	119,094	53,101
Amounts owed by group undertakings	68,087	274,370
Other debtors	-	266
Prepayments and accrued income	10,659	7,171
Deferred tax asset	3,913	2,350
	<u>1,413,416</u>	<u>587,317</u>

A deferred tax asset of £3,913 has been recognised at 31 March 2005 (2004: £2,350). This asset relates to negative accelerated capital allowances. The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse. The amount credited to the profit and loss account in the year was £1,563 (2004: £58).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005 £	2004 £
Bank overdraft	18,544	-
Payments on account	5,326	-
Trade creditors	835,719	382,589
Amounts owed to group undertakings	73,097	3,525
Corporation tax	65,378	7,061
Other taxes and social security costs	85,023	40,446
Other creditors	17,352	472
Accruals and deferred income	63,750	11,651
Proposed dividend	86,400	159,308
	<u>1,250,589</u>	<u>605,052</u>

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

10. CALLED UP SHARE CAPITAL	2005 £	2004 £
Authorised		
25,500 £1 'A' ordinary shares	25,500	25,500
24,500 £1 'B' ordinary shares	24,500	24,500
	<u>50,000</u>	<u>50,000</u>
	£	£
Allotted and fully paid		
25,500 £1 'A' ordinary shares	25,500	25,500
24,500 £1 'B' ordinary shares	24,500	24,500
	<u>50,000</u>	<u>50,000</u>

Rights attached to shares

The rights to dividends are as follows:

- the holders of the £1 'A' ordinary shares and the £1 'B' ordinary shares are entitled to a dividend as decided by the Board;
- 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; and
- 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.

On return of capital, the assets of the company will be distributed equally to all £1 ordinary shareholders.

11. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS IN RESERVES

	Share capital £	Profit and loss account £	2005 Total £	2004 Total £
At 1 April 2004	50,000	155,308	205,308	300,361
Profit for the financial year	-	168,872	168,872	64,255
Dividends	-	(119,092)	(119,092)	(159,308)
At 31 March 2005	<u>50,000</u>	<u>205,088</u>	<u>255,088</u>	<u>205,308</u>

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

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

	2005 £	2004 £
Operating profit	247,359	90,465
Depreciation charges	28,407	23,820
Loss/(profit) on disposal of tangible fixed assets	1,335	(2,060)
Increase in work in progress	(22,192)	(4,100)
Increase in debtors	(824,447)	(180)
Increase in creditors	641,584	21,748
Net cash inflow from operating activities	72,046	129,693

13. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 April 2004 £	Cash flow £	At 31 March 2005 £
Cash at bank and in hand	154,031	(153,881)	150
Bank overdraft	-	(18,544)	(18,544)
	154,031	(172,425)	(18,394)

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	2005 £	2004 £
(Decrease)/increase in cash in the year	(172,425)	41,568
Net funds at beginning of year	154,031	112,463
Net (debt)/funds at end of year	(18,394)	154,031

15. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2005 the company had no annual commitments under non-cancellable operating leases (2004: nil).

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 2005, the overall commitment was nil (2004: nil).

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

16. DIRECTORS

	2005	2004
	£	£
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions)	62,147	49,404

C S Acheson, I R Stewart and R McGregor-Smith are remunerated by MITIE Group PLC and D Freeman is remunerated by MITIE Engineering Services Limited for their services to the group as a whole. It is not practicable to allocate their remuneration between their services as directors of MITIE Air Conditioning (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	1	1

C S Acheson, 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.

One director exercised options in the shares of the ultimate group company, MITIE Group PLC, during the year (2004: no directors).

17. EMPLOYEES

Number of employees

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

	2005	2004
	No.	No.
Administration and management	9	7
Site labour	3	1
	12	8
Employment costs	£	£
Wages and salaries	369,189	218,648
Social security costs	42,401	25,299
Other pension costs	13,689	9,673
	425,279	253,620

MITIE AIR CONDITIONING (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

18. RELATED PARTY TRANSACTIONS

At 31 March 2005 MITIE Group PLC is the holder of the 'A' ordinary shares and is a 51% shareholder in MITIE Air Conditioning (West) Limited.

During the year, MITIE Air Conditioning (West) Limited provided the installation of air conditioning systems at an amount of £811,585 (2004: £803,726) to companies within MITIE Group PLC, on normal commercial terms. An amount of £68,087 (2004: £110,895) is included in debtors in respect of these services.

During the year MITIE Air Conditioning (West) Limited purchased goods and services of £145,049 (2004: £11,811) from companies within MITIE Group PLC, on normal commercial terms. An amount of £73,097 (2004: £3,525) is included in creditors in respect of these services.

During the year, MITIE Air Conditioning (West) Limited paid management charges of £97,880 (2004: £104,569) to companies within MITIE Group PLC. An amount of nil is included in debtors at the year end in respect of these transactions (2004: £5,475).

During the year the company made a loan of £30,000 (2004: £42,000) to MITIE Group PLC. Total loans of nil (2004: £158,000) remained outstanding at the year end.

19. PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit 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 17 and the agreed contribution rate for the next 12 months is 10% (2004: 10%) and 7.5% (2004: 7.5%) for the group and employees respectively.

The next actuarial valuation which was due on 6 April 2005 is currently being prepared. The 2002 actuarial valuation, which was performed on 6 April 2002 by a professionally qualified actuary, showed that the actuarial value of the assets represented 87% of the benefits that had accrued to members after allowing for expected future increases in earnings.

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. 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.

MITIE AIR CONDITIONING (WEST) LIMITED

DETAILED PROFIT AND LOSS ACCOUNT Year ended 31 March 2005

	2005 £	2004 £
TURNOVER	4,701,954	2,176,756
Cost of sales	(3,886,166)	(1,666,269)
GROSS PROFIT	<u>815,788</u>	<u>510,487</u>
ADMINISTRATIVE EXPENSES		
Management charges payable	97,880	104,569
Salaries, including directors' salaries	366,389	227,220
Insurance	5,379	12,080
Telephone	5,170	3,459
Postage, stationery and advertising	23,365	16,259
Entertaining	4,346	4,429
Motor expenses	22,123	19,472
Computer costs	6,607	4,250
Trade subscriptions	685	464
Education and training	720	1,439
Bank charges	2,000	1,236
Audit fee	2,700	2,500
Legal and professional	661	210
Sundry expenses	312	675
Depreciation	28,407	23,820
Loss/(profit) on disposal of tangible fixed assets	1,335	(2,060)
Hire of vehicles	235	-
Property repairs	115	-
	<u>(568,429)</u>	<u>(420,022)</u>
OPERATING PROFIT	<u>247,359</u>	<u>90,465</u>