

Company Registration Number 3528302

MITIE AIR CONDITIONING (WALES) LIMITED

Report and Financial Statements

31 March 2005



MITIE AIR CONDITIONING (WALES) LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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MITIE AIR CONDITIONING (WALES) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C S Acheson
B R Edwards
R McGregor-Smith
I L Montgomery
I R Stewart
C J Williams

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 (WALES) 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 £240,154 (2004: £139,292). The directors recommend that this be dealt with as follows:

	2005 £	2004 £
Ordinary dividends:		
- Interim paid 'A' shares £5.56 (2004: nil) per share	85,000	-
- Final proposed 'A' shares £7.85 (2004: 8p) per share	120,099	1,224
- Final proposed 'B' shares 8p (2004: 8p) per share	1,176	1,176
Total dividends	206,275	2,400
Transfer to reserves	33,879	136,892
	<u>240,154</u>	<u>139,292</u>

MITIE AIR CONDITIONING (WALES) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

C S Acheson
B R Edwards
R McGregor-Smith
I L Montgomery
I R Stewart
C J Williams

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 No.	At 1 April 2004 £1 B Ordinary shares No.
I L Montgomery	4,500	4,500

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 interests 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.
B R Edwards	213,184	266,325
C J Williams	161,912	185,412

C J Williams has an interest in the share capital of MITIE Engineering Services (Midlands) Limited, details of which are disclosed in the accounts of that company.

No other director had an interest in 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
I L Montgomery	(i)	1,296	-	-	2006	-	-	-	1,296
	(i)	2,389	-	-	2007	-	-	-	2,389
	(i)	1,592	-	-	2008	-	-	-	1,592
	(i)	-	1,362	£1.20	2009	-	-	-	1,362

(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.

MITIE AIR CONDITIONING (WALES) 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 101 days (2004: 109 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 (WALES) LIMITED**

We have audited the financial statements of MITIE Air Conditioning (Wales) 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 21. 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 (WALES) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2005

	Notes	Continuing operations 2005 £	2004 £
TURNOVER	1	1,723,959	1,447,973
Cost of sales		(1,121,555)	(1,054,040)
GROSS PROFIT		602,404	393,933
Administrative expenses		(271,898)	(199,505)
OPERATING PROFIT	2	330,506	194,428
Interest receivable	3	13,109	4,560
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		343,615	198,988
Tax on profit on ordinary activities	4	(103,461)	(59,696)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		240,154	139,292
Dividends	5	(206,275)	(2,400)
RETAINED PROFIT FOR THE FINANCIAL YEAR	11	33,879	136,892

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 (WALES) LIMITED

BALANCE SHEET

At 31 March 2005

	Notes	2005		2004	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		21,986		20,453
CURRENT ASSETS					
Stocks	7	4,892		1,259	
Debtors	8	524,218		351,270	
Cash at bank and in hand		330,371		190,426	
		859,481		542,955	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(639,326)		(355,146)	
NET CURRENT ASSETS			220,155		187,809
NET ASSETS			242,141		208,262
SHARE CAPITAL AND RESERVES					
Called up share capital	10		30,000		30,000
Profit and loss account	11		212,141		178,262
TOTAL EQUITY SHAREHOLDERS' FUNDS	12		242,141		208,262

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 (WALES) LIMITED

CASH FLOW STATEMENT
Year ended 31 March 2005

	Notes	2005		2004	
		£	£	£	£
Net cash inflow/ (outflow) from operating activities	13		301,404		(48,318)
Returns on investments and servicing of finance					
Interest received			12,617		4,368
Taxation					
UK corporation tax paid			(73,144)		(33,926)
Capital expenditure					
Payments to acquire tangible fixed assets		(21,168)		(15,544)	
Receipts from disposal of tangible fixed assets		7,636		1,021	
Net cash outflow from capital expenditure			(13,532)		(14,523)
Equity dividends paid			(87,400)		(2,400)
Increase/(decrease) in cash in the year	15		139,945		(94,799)

MITIE AIR CONDITIONING (WALES) 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 period. 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 (WALES) 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	13,947	15,442
	Auditors' remuneration - audit services	2,500	1,750
	Profit on disposal of tangible fixed assets	(1,948)	(1,021)
		<u> </u>	<u> </u>
3.	INTEREST	2005	2004
	Interest receivable	£	£
	Bank interest	13,109	4,560
		<u> </u>	<u> </u>

MITIE AIR CONDITIONING (WALES) 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%)	103,872	61,217
Adjustment in respect of prior years	280	-
Total current tax (note 4(b))	104,152	61,217
Deferred taxation:		
Timing differences - origination and reversal	(411)	(1,521)
Adjustment in respect of prior years	(280)	-
Tax on profit on ordinary activities	103,461	59,696

(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	343,615	198,988
	£	£
Tax at 30% thereon	103,084	59,696
Expenses not deductible for tax purposes	377	-
Capital allowances less than depreciation	995	1,827
Profit on disposal of fixed assets	(584)	(306)
Adjustment in respect of prior years	280	-
Current tax charge for the year (note 4(a))	104,152	61,217

(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 (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

5.	DIVIDENDS	2005 £	2004 £
	Interim paid 'A' ordinary shares of £5.56 (2004: nil) per share	85,000	-
	Final proposed:		
	- 'A' ordinary shares of £7.85 (2004: 8p) per share	120,099	1,224
	- 'B' ordinary shares of 8p (2004: 8p) per share	1,176	1,176
		<u>206,275</u>	<u>2,400</u>

6. TANGIBLE FIXED ASSETS

	Plant and office equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2004	7,099	58,343	65,442
Additions	-	14,912	14,912
Disposals	-	(18,622)	(18,622)
Transfer in	-	12,513	12,513
Transfer out	-	(12,434)	(12,434)
At 31 March 2005	<u>7,099</u>	<u>54,712</u>	<u>61,811</u>
Depreciation			
At 1 April 2004	6,481	38,508	44,989
Charge for the year	618	13,329	13,947
Disposals	-	(13,971)	(13,971)
Transfer in	-	6,257	6,257
Transfer out	-	(11,397)	(11,397)
At 31 March 2005	<u>7,099</u>	<u>32,726</u>	<u>39,825</u>
Net book value			
At 31 March 2005	<u>-</u>	<u>21,986</u>	<u>21,986</u>
At 31 March 2004	<u>618</u>	<u>19,835</u>	<u>20,453</u>

Capital commitments

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

MITIE AIR CONDITIONING (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

7.	STOCKS	2005 £	2004 £
	Work in progress	<u>4,892</u>	<u>1,259</u>
8.	DEBTORS	2005 £	2004 £
	Trade debtors	177,914	193,743
	Amounts recoverable on contracts	4,811	1,489
	Amounts owed by group undertakings	337,262	148,117
	Other debtors	1,259	436
	Value added tax	-	5,204
	Deferred tax	<u>2,972</u>	<u>2,281</u>
		<u>524,218</u>	<u>351,270</u>

A deferred tax asset of £2,972 has been recognised at 31 March 2005 (2004: £2,281). 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 £691 (2004: £1,521).

9.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005 £	2004 £
	Payments on account	-	4,494
	Trade creditors	379,855	281,061
	Amounts owed to group undertakings	6,310	566
	Corporation tax	73,072	42,064
	Other taxes and social security costs	26,101	9,262
	Other creditors	-	324
	Accruals and deferred income	32,713	14,975
	Proposed dividends	<u>121,275</u>	<u>2,400</u>
		<u>639,326</u>	<u>355,146</u>

MITIE AIR CONDITIONING (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

10. CALLED UP SHARE CAPITAL	2005 £	2004 £
Authorised		
55,900 £1 'A' ordinary shares	55,900	55,900
44,100 £1 'B' ordinary shares	44,100	44,100
	<u>100,000</u>	<u>100,000</u>
	£	£
Allotted and fully paid		
15,300 £1 'A' ordinary shares	15,300	15,300
14,700 £1 'B' ordinary shares	14,700	14,700
	<u>30,000</u>	<u>30,000</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.

11. PROFIT AND LOSS ACCOUNT	£
At 1 April 2004	178,262
Retained profit for the financial year	<u>33,879</u>
At 31 March 2005	<u>212,141</u>

MITIE AIR CONDITIONING (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

12.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005	2004
		£	£
	Profit for the financial year	240,154	139,292
	Dividends	(206,275)	(2,400)
	Net addition to shareholders' funds	33,879	136,892
	Opening shareholders' funds	208,262	71,370
	Closing shareholders' funds	<u>242,141</u>	<u>208,262</u>
13.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	2005	2004
		£	£
	Operating profit	330,506	194,428
	Depreciation charges	13,947	15,442
	Profit on disposal of tangible fixed assets	(1,948)	(1,021)
	(Increase)/decrease in work in progress	(3,633)	7,296
	Increase in debtors	(171,765)	(245,598)
	Increase/(decrease) in creditors	134,297	(18,865)
	Net cash inflow/(outflow) from operating activities	<u>301,404</u>	<u>(48,318)</u>
14.	ANALYSIS OF CHANGES IN NET FUNDS	At 1 April 2004	At 31 March 2005
		£	£
	Cash at bank and in hand	<u>190,426</u>	<u>330,371</u>
15.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2005	2004
		£	£
	Increase/(decrease) in cash in the year	139,945	(94,799)
	Net funds at beginning of year	190,426	285,225
	Net funds at end of year	<u>330,371</u>	<u>190,426</u>

MITIE AIR CONDITIONING (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

16. 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).

17. DIRECTORS

	2005	2004
	£	£
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions)	<u>58,018</u>	<u>6,898</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

C S Acheson, I R Stewart and R McGregor-Smith are remunerated by MITIE Group PLC, B Edwards was remunerated by MITIE Engineering Services (Cardiff) Limited and C J Williams was 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 (Wales) Limited and their services as directors of other group companies.

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.

None of the directors exercised options in the shares of the ultimate group company, MITIE Group PLC, during the year (2004: no director).

MITIE AIR CONDITIONING (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

18. EMPLOYEES

Number of employees

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

	2005 No.	2004 No.
Administration and management	3	3
Site	6	4
	<u>9</u>	<u>7</u>
 Employment costs	 £	 £
Wages and salaries	260,701	170,895
Social security costs	29,126	19,616
Other pension costs	3,500	3,245
	<u>293,327</u>	<u>193,756</u>

19. RELATED PARTY TRANSACTIONS

At 31 March 2005 MITIE Group PLC is a 54% shareholder in MITIE Air Conditioning (Wales) Limited.

During the year, MITIE Air Conditioning (Wales) Limited paid management charges of £60,828 (2004: £46,087) to companies within MITIE Group PLC. At the year end an amount of £nil (2004: £4,164) was included in debtors in respect of these transactions.

During the year MITIE Air Conditioning (Wales) Limited purchased goods and services amounting to £34,584 (2004: £40,250) on normal commercial terms from companies within MITIE Group PLC. An amount of £6,310 (2004: £566) remained outstanding at the year end in respect of these transactions and those of prior years.

During the year MITIE Air Conditioning (Wales) Limited provided goods and services amounting to £525,662 (2004: £776,541) on normal commercial terms to companies within MITIE Group PLC. At the year end an amount of £337,262 (2004: £123,953) was included in debtors in respect of these transactions.

During the year MITIE Air Conditioning (Wales) Limited purchased vehicles from MITIE Engineering Services (Cardiff) Limited at net book value of £6,256 (2004: £9,207). An amount of £nil (2004: nil) remained outstanding at the year end in respect of these transactions.

During the year MITIE Air Conditioning (Wales) Limited sold a vehicle to MITIE Engineering Services (Cardiff) Limited at a net book value of £1,037 (2004: nil). An amount of nil (2004: nil) remained outstanding at the year end in respect of this transaction.

During the year the company made a loan of £65,000 (2004: £20,000) to MITIE Group PLC. This loan and the loan made in prior years of £20,000 were fully repaid to the company in the year.

MITIE AIR CONDITIONING (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

20. 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 18 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.

21. 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 (WALES) LIMITED**DETAILED PROFIT AND LOSS ACCOUNT**

Year ended 31 March 2005

	2005 £	2004 £
TURNOVER	1,723,959	1,447,973
Cost of sales	(1,121,555)	(1,054,040)
GROSS PROFIT	<u>602,404</u>	<u>393,933</u>
ADMINISTRATIVE EXPENSES		
Management charges payable	60,828	46,087
Salaries, including directors' salaries	154,242	107,408
Insurance	6,163	5,541
Telephone	2,568	2,203
Postage, stationery and advertising	1,606	739
Entertaining	200	-
Motor expenses	22,312	16,563
Computer services	1,950	2,775
Trade subscriptions	300	371
Education and training	4,948	907
Bank charges	404	400
Audit fee	2,500	1,750
Legal and professional	676	128
Car hire	1,008	-
Sundry expenses	194	212
Depreciation	13,947	15,442
Profit on disposal of tangible fixed assets	(1,948)	(1,021)
	<u>(271,898)</u>	<u>(199,505)</u>
OPERATING PROFIT	<u>330,506</u>	<u>194,428</u>