



MITIE AIR CONDITIONING (WALES) LIMITED
(formerly Simpleinfo Limited)

Report and Financial Statements

Period from 16 March 1998 to 31 March 1999

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



REPORT AND FINANCIAL STATEMENTS 1999

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
C S Acheson
B R Edwards
C J Williams

SECRETARIES

A F Waters
M O Thomas

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Bristol
BS40 5SA

BANKERS

Midland 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 report and audited financial statements for the period from incorporation on 16 March 1998 to 31 March 1999.

On 24 April 1998 the company changed its name from Simpleinfo Limited to MITIE Air Conditioning (Wales) Limited.

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 was incorporated on 16 March 1998 and commenced trading on 1 May 1998.

The company's principal activity is the installation and maintenance of air conditioning systems in commercial industrial and domestic premises.

The result for the period has been disappointing, but the directors consider that, following the remedial action they have taken, the company is now positioned to develop its business.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £3,266. The directors do not propose the payment of a dividend and recommend that £3,266 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' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors during the period were as follows:

D M Telling	(appointed 2 April 1998)
C S Acheson	(appointed 11 May 1998)
B R Edwards	(appointed 11 May 1998)
C J Williams	(appointed 11 May 1998)
A Widdess	(appointed 7 June 1998, resigned 22 February 1999)
Instant Companies Limited	(resigned 2 April 1998)

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

	31 March 1999		16 March 1998	
	£1 'B' Ordinary	Redeemable unsecured loan stock 2008	£1 'B' Ordinary	Redeemable unsecured loan stock 2008
	shares No.	£	shares No.	£
A Widdess	-	-	4,500*	-*

* At date of appointment

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

Mr D M Telling is a director of MITIE Group PLC, the parent undertaking, and his interest in the share capital of that company is shown in the financial statements of MITIE Group PLC.

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

	31 March 1999	16 March 1998
	5p Ordinary shares No.	10p Ordinary shares No.
C S Acheson	902,350	456,800
B R Edwards	504,600	364,800
C J Williams	43,100	21,550

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

On 17 September 1998, each 10p ordinary share in MITIE Group PLC was subdivided into two ordinary shares of 5p each.

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 1999 trade creditors, as a proportion of amounts invoiced from suppliers for the period, represented 85 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.

**DIRECTORS' REPORT (continued)****YEAR 2000**

The project to cope with the year 2000 technology problem is well under way. An Executive Steering Committee chaired by a Group Managing Director has been established. Its responsibility is to ensure that all operating companies within the group have identified the systems (included embedded chips) with associated business criticality, which require change and have made appropriate plans to ensure that all changes are successfully implemented no later than October 1999.

In addition, systems which are critical to the business but are part of the supplier/customer chain and are outside the direct control of the MITIE Group are also included in the project.

Phase one of this programme has been concluded with all subsidiary companies completing a detailed assessment as to their state of readiness for year 2000. Phase two of this programme has also been completed, which confirms that all key business systems within the group are or have been made compliant well before the target deadline.

Due to the general level of uncertainty inherent with the year 2000 issue it is not possible to be 100% certain that no business interruption will occur. Costs incurred to date have been written off to the profit and loss account and the Board consider that future costs will not have a material impact on the group accounts.

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

12 August 1999



AUDITORS' REPORT TO THE MEMBERS OF
MITIE AIR CONDITIONING (WALES) LIMITED
(formerly Simpleinfo Limited)

We have audited the financial statements on pages 6 to 15, which have been prepared under the accounting policies set out on page 9.

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 1999 and of its loss for the period from 16 March 1998 to 31 March 1999 and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

16 August 1999

PROFIT AND LOSS ACCOUNT
Period from 16 March 1998 to 31 March 1999

	Notes	Continuing operations 1999 £
TURNOVER		255,222
Cost of sales		(190,094)
GROSS PROFIT		65,128
Administrative expenses		(72,222)
OPERATING LOSS	2	(7,094)
Interest receivable	3	1,800
Interest payable	3	(72)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,366)
Tax credit on loss on ordinary activities	4	2,100
RETAINED LOSS FOR THE PERIOD	11	(3,266)

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


BALANCE SHEET
At 31 March 1999

	Notes	1999	
		£	£
FIXED ASSETS			
Tangible assets	5		23,861
CURRENT ASSETS			
Work in progress	6	21,944	
Debtors	7	20,534	
Cash at bank and in hand		69,637	
		<u>112,115</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(109,242)	
NET CURRENT ASSETS			<u>2,873</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			26,734
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9		(8,100)
NET ASSETS			<u><u>18,634</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	21,900	
Profit and loss account	11	(3,266)	
TOTAL EQUITY SHAREHOLDERS' FUNDS	12		<u><u>18,634</u></u>

These financial statements were approved by the Board of Directors on 12 August 1999.

Signed on behalf of the Board of Directors

D M Telling
Director



CASH FLOW STATEMENT

Period from 16 March 1998 to 31 March 1999

	Notes	1999	
		£	£
Net cash inflow from operating activities	13		65,843
Returns on investments and servicing of finance			
Interest received			1,800
Capital expenditure			
Payments to acquire tangible fixed assets			(28,006)
Cash inflow before financing			39,637
Financing			
Issue of ordinary share capital		21,900	
Debt due beyond a year - new unsecured loan stock repayable in 2008		8,100	
Net cash inflow from financing			30,000
Increase in cash in the period	15		69,637



NOTES TO THE ACCOUNTS

Period from 16 March 1998 to 31 March 1999

3. INTEREST

	1999
	£
Interest receivable	
Bank interest	1,800
	<u> </u>
Interest payable on borrowings due within five years	£
Bank interest	72
	<u> </u>

4. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	1999
	£
UK current year taxation	
Group relief at 31%	2,100
	<u> </u>

5. TANGIBLE FIXED ASSETS

Summary	Motor vehicles £
Cost	
At 16 March 1998	-
Additions	18,119
Transfers in	11,300
	<u> </u>
At 31 March 1999	29,419
	<u> </u>
Depreciation	
At 16 March 1998	-
Charge for the period	4,145
Transfers in	1,413
	<u> </u>
At 31 March 1999	5,558
	<u> </u>
Net book value	
At 31 March 1999	23,861
	<u> </u>

Capital commitments

At 31 March 1999 the directors had authorised capital expenditure of nil.



NOTES TO THE ACCOUNTS

Period from 16 March 1998 to 31 March 1999

6. WORK IN PROGRESS	1999
	£
Work in progress	96,641
Cash received on account	(74,697)
	<hr/>
	21,944
	<hr/>
7. DEBTORS	1999
	£
Trade debtors	15,410
Amounts owed by parent undertaking and fellow subsidiary undertakings	2,534
Corporation tax	2,100
Prepayments and accrued income	490
	<hr/>
	20,534
	<hr/>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1999
	£
Payments on account	4,979
Trade creditors	57,807
Amounts owed to parent undertaking and fellow subsidiary undertakings	26,727
Other taxes and social security costs	17,992
Other creditors	747
Accruals and deferred income	990
	<hr/>
	109,242
	<hr/>
9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1999
	£
Convertible redeemable unsecured loan stock 2008	8,100
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The convertible redeemable unsecured loan stock may be converted at the holder's option into fully paid ordinary shares of £1 each at any time to 31 August 2008. If the loan stock is not converted it will be redeemable at par on 1 September 2008.

The holders have confirmed that the loan stock will not be converted until after March 2000.



NOTES TO THE ACCOUNTS

Period from 16 March 1998 to 31 March 1999

10. CALLED UP SHARE CAPITAL

Authorised	No.	1999 £
£1 'A' ordinary shares	17,400	17,400
£1 'B' ordinary shares	82,600	82,600
	<u>100,000</u>	<u>100,000</u>
 Allotted and fully paid		 1999 £
£1 'A' ordinary shares		17,400
£1 'B' ordinary shares		4,500
		<u>21,900</u>

21,900 ordinary shares were issued at par during the period to provide working capital for the company.

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 16 March 1998	-
Retained loss for the period	(3,266)
	<u>(3,266)</u>
At 31 March 1999	<u>(3,266)</u>



NOTES TO THE ACCOUNTS

Period from 16 March 1998 to 31 March 1999

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1999
	£
Loss for the financial period	(3,266)
Issue of ordinary shares	21,900
	<hr/>
Net additions to shareholders' funds	18,634
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	18,634
	<hr/> <hr/>

13. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1999
	£
Operating loss	(7,094)
Depreciation charges	4,145
Increase in work in progress	(21,944)
Increase in debtors	(18,434)
Increase in creditors	109,170
	<hr/>
Net cash inflow from operating activities	65,843
	<hr/> <hr/>

14. ANALYSIS OF CHANGES IN NET FUNDS	At 16 March		At 31 March
	1998	Cash flow	1999
	£	£	£
Cash at bank and in hand	-	69,637	69,637
Debt due after one year	-	(8,100)	(8,100)
	<hr/>	<hr/>	<hr/>
	-	61,537	61,537
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	1999
	£
Increase in cash in the period	69,637
Cash inflow from increase in debt	(8,100)
	<hr/>
Net funds at 31 March	61,537
	<hr/> <hr/>



NOTES TO THE ACCOUNTS

Period from 16 March 1998 to 31 March 1999

16. FINANCIAL COMMITMENTS

Operating leases

At 31 March 1999 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 1999 the overall commitment was nil.

17. DIRECTORS

The emoluments of directors of the company were:

1999

£

Fees and other emoluments (excluding pension contributions but including benefits-in-kind)

26,361

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 Air Conditioning (Wales) Limited and their services as directors of other group companies.

No.

The number of directors who were members of a defined benefit pension scheme

3

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

18. EMPLOYEES

Number of employees

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

1999

No.

Administration and management

2

Employment costs

£

Wages and salaries

38,874

Social security costs

3,818

42,692

NOTES TO THE ACCOUNTS

Period from 16 March 1998 to 31 March 1999

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of MITIE Group PLC, MITIE Air Conditioning (Wales) 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

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.