

**MITIE PROPERTY SERVICES LIMITED**

**Report and Financial Statements**

**31 March 2000**

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



**REPORT AND FINANCIAL STATEMENTS 2000**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
J Ridley  
W Robson  
J A Telling

**SECRETARIES**

A F Waters  
M O Thomas (resigned 4 May 2000)  
C K Ross (appointed 4 May 2000)

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wrington  
Bristol  
BS40 5SA

**BANKERS**

HSBC 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 annual report and audited financial statements for the year ended 31 March 2000.

**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 provides management and administration services to certain fellow subsidiary undertakings.

**RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £200,554 (1999: £58,728). The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends:	
- Final proposed £50,000 per share	100,000
Transfer to reserves	100,554
	<hr/>
	200,554
	<hr/>

**FIXED ASSETS**

Details of movements in fixed assets during the year are set out in note 6 to the financial statements.

**DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
J Ridley  
W Robson  
J A Telling (appointed 1 April 2000)

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

**DIRECTORS' REPORT (continued)****DIRECTORS AND THEIR INTERESTS (continued)**

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:

	At 31 March 2000 5p Ordinary shares No.	At 1 April 1999 5p Ordinary shares No.
J Ridley	44,002	17,552
W Robson	1,100,020	1,184,020
J A Telling	34,886	36,886

**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. At 31 March 2000 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 30 (1999: 76) days.

**YEAR 2000**

The year 2000 project completed all critical milestones well within the project timescale and all the primary business systems have completed both the millennium rollover and leap year rollover without any issues. Although these critical dates have been successfully passed, the Executive Steering Committee is not being complacent in considering the possible impact from latent problems outside the control of MITIE.

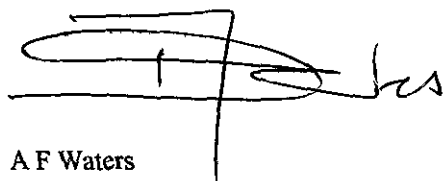
We have made considerable effort in determining the compliance of critical players in our suppliers/customer chain and are confident of continued trouble free operation.

The year 2000 project team will remain operational, with suitable contingency plans, until it is considered that sufficient time has passed for all possible external issues to be identified and resolved.

**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

11 August 2000

## **AUDITORS' REPORT TO THE MEMBERS OF**

### **MITIE PROPERTY SERVICES LIMITED**

We have audited the financial statements on pages 5 to 14 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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

14 August 2000

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2000

	Notes	Year ended 31 March 2000 £	16 March 1998 to 31 March 1999 £
Operating income	1	1,627,643	1,566,584
Administrative expenses		(1,352,513)	(1,391,953)
<b>OPERATING PROFIT</b>	2	275,130	174,631
Interest receivable	3	14,237	2,196
Interest payable	3	-	(84,099)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		289,367	92,728
Tax on profit on ordinary activities	4	(88,813)	(34,000)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		200,554	58,728
Dividends	5	(100,000)	-
<b>RETAINED PROFIT FOR THE YEAR</b>	10	100,554	58,728

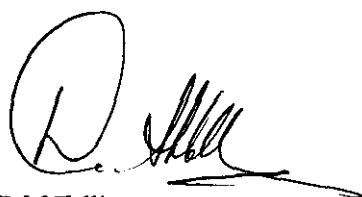
There are no recognised gains and losses for the current financial year or preceding financial period other than as stated in the profit and loss account.

**BALANCE SHEET**  
At 31 March 2000

	Notes	2000		1999	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		40,679		39,164
<b>CURRENT ASSETS</b>					
Debtors	7	97,054		484,836	
Cash at bank and in hand		394,001		51,599	
		491,055		536,435	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(372,450)		(516,869)	
<b>NET CURRENT ASSETS</b>			118,605		19,566
<b>NET ASSETS</b>			159,284		58,730
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		2		2
Profit and loss account	10		159,282		58,728
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	11		159,284		58,730

These financial statements were approved by the Board of Directors on 11 August 2000.

Signed on behalf of the Board of Directors



D M Telling  
Director



**CASH FLOW STATEMENT**  
Year ended 31 March 2000

	Notes	Year ended 31 March 2000 £	16 March 1998 to 31 March 1999 £
Net cash inflow from operating activities	12	393,733	1,398,483
<b>Returns on investments and servicing of finance</b>			
Interest received		14,777	1,656
Interest paid		-	(84,099)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		14,777	(82,443)
<b>Taxation</b>			
UK corporation tax paid		(39,275)	-
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(25,102)	(63,639)
Receipts from disposal of tangible fixed assets		-	6,449
<b>Net cash outflow from capital expenditure</b>		(25,102)	(57,190)
<b>Acquisitions and disposals</b>			
Payments to acquire assets and liabilities		-	(1,199,820)
<b>Cash inflow before financing</b>		344,133	59,030
<b>Financing</b>			
Issue of ordinary share capital		-	2
Capital element of finance lease rental repayments		(1,731)	(7,433)
<b>Net cash outflow from financing</b>		(1,731)	(7,431)
<b>Increase in cash in the year</b>	14	342,402	51,599

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2000**1. ACCOUNTING POLICIES****Accounting convention**

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

**Operating income**

Operating income represents the total, excluding sales taxes, receivable in respect of goods and services supplied and contract work completed in the period. All operating income arises within the United Kingdom.

**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:

Office equipment	3 to 10 years
Motor vehicles	4 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.

**Work in progress**

Work in progress is stated at the lower of cost (including appropriate overheads) and net realisable value. Provision is made for foreseeable losses.

**Deferred taxation**

Provision is made for deferred taxation using the liability method in respect of timing differences to the extent that liabilities will crystallise in the foreseeable future.

**Pension costs**

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

**NOTES TO THE ACCOUNTS**

Year ended 31 March 2000

**2. OPERATING PROFIT** is stated after charging/(crediting):

	Year ended 31 March 2000 £	16 March 1998 to 31 March 1999 £
Depreciation - owned fixed assets	21,119	23,861
Depreciation - assets under finance leases and hire purchase contracts	-	6,181
Auditors' remuneration - audit services	1,750	750
Loss/(profit) on disposal of tangible fixed assets	2,468	(2,852)

**3. INTEREST**

	Year ended 31 March 2000 £	16 March 1998 to 31 March 1999 £
<b>Interest receivable</b>		
Bank interest	14,237	2,196
<b>Interest payable</b>		
Bank interest	-	82,789
Interest on finance leases	-	1,310
	-	84,099

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	Year ended 31 March 2000 £	16 March 1998 to 31 March 1999 £
<b>UK current year taxation</b>		
UK corporation tax 30% (1999: 31%)	88,900	34,000
Over provision in prior year	(87)	-
	88,813	34,000

**5. DIVIDENDS**

	Year ended 31 March 2000 £	16 March 1998 to 31 March 1999 £
<b>Ordinary:</b>		
Final proposed of £50,000 (1999: nil) per share	100,000	-

NOTES TO THE ACCOUNTS  
Year ended 31 March 2000

## 6. TANGIBLE FIXED ASSETS

Summary	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 April 1999	20,590	73,486	94,076
Additions	10,936	14,166	25,102
Disposals	-	(9,164)	(9,164)
At 31 March 2000	31,526	78,488	110,014
<b>Depreciation</b>			
At 1 April 1999	8,711	46,201	54,912
Charge for the year	6,728	14,391	21,119
Disposals	-	(6,696)	(6,696)
At 31 March 2000	15,439	53,896	69,335
<b>Net book value</b>			
Owned assets	16,087	24,592	40,679
Leased assets	-	-	-
At 31 March 2000	16,087	24,592	40,679
Owned assets	11,879	24,302	36,181
Leased assets	-	2,983	2,983
At 31 March 1999	11,879	27,285	39,164

Included within the net book value balance above are leased assets with a net book value of nil (1999: £2,983).

## 7. DEBTORS

	2000 £	1999 £
Amounts owed by parent undertaking and fellow subsidiary undertakings	66,531	473,324
Other debtors	30,523	10,972
Prepayments and accrued income	-	540
	97,054	484,836

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2000

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000	1999
	£	£
Trade creditors	87,348	138,147
Amounts owed to parent undertaking and fellow subsidiary undertakings	17,000	17,000
Corporation tax	83,538	34,000
Other taxes and social security costs	13,214	12,681
Other creditors	-	278,691
Accruals and deferred income	71,350	34,619
Finance lease obligations	-	1,731
Proposed dividend	100,000	-
	<u>372,450</u>	<u>516,869</u>

9. CALLED UP SHARE CAPITAL	1999 and 2000	
	No.	£
Authorised		
£1 'A' ordinary shares	<u>1,000</u>	<u>1,000</u>
	2000	1999
	£	£
Allotted and fully paid		
£1 'A' ordinary shares	<u>2</u>	<u>2</u>

10. PROFIT AND LOSS ACCOUNT	£
At 1 April 1999	58,728
Retained profit for the year	100,554
At 31 March 2000	<u>159,282</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2000

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2000	1999
	£	£
Profit for the financial year	200,554	58,728
Dividends	(100,000)	-
Issue of shares	-	2
Net addition to shareholders' funds	100,554	58,730
Opening shareholders' funds	58,730	-
Closing shareholders' funds	159,284	58,730

12. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	Year ended 31 March 2000	16 March 1998 to 31 March 1999
	£	£
Operating profit	275,130	174,631
Depreciation charges	21,119	30,042
Loss/(profit) on disposal of tangible fixed assets	2,468	(2,852)
Decrease in debtors	387,242	755,160
(Decrease)/increase in creditors	(292,226)	441,502
Net cash inflow from operating activities	393,733	1,398,483

13. ANALYSIS OF CHANGES IN NET FUNDS	At 1 April 1999	Cash flows	31 March 2000
	£	£	£
Cash at bank and in hand	51,599	342,402	394,001
Finance leases	(1,731)	1,731	-
	49,868	344,133	394,001

**NOTES TO THE ACCOUNTS**

Year ended 31 March 2000

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

	Year ended 31 March 2000 £	16 March 1998 to 31 March 1999 £
Increase in cash in the year	342,402	51,599
Cash inflow from increase in debt and lease financing	1,731	7,433
Change in net funds resulting from cash flows	344,133	59,032
New finance leases	-	(9,164)
Movement in net funds in the year	344,133	49,868
Net funds at 1 April	49,868	-
<b>Net funds at 31 March</b>	<b>394,001</b>	<b>49,868</b>

**15. FINANCIAL COMMITMENTS****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 2000, the overall commitment was nil.

**Legal claims**

The company and other fellow subsidiaries, from time to time, are party to legal proceedings and claims which are in the ordinary course of business.

**16. DIRECTORS**

	Year ended 31 March 2000 £	16 March 1998 to 31 March 1999 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	197,011	167,789
	No.	No.
The number of directors who were members of a defined benefit pension scheme	2	2

Mr D M Telling is also a director of MITIE Group PLC and his emoluments and pension details are disclosed in the group accounts. It is not practicable to allocate his remuneration between his services as a director of MITIE Property Services Limited and his services as a director of other group companies.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000****17. EMPLOYEES****Number of employees**

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

	<b>Year ended 31 March 2000 No.</b>	<b>16 March 1998 to 31 March 1999 No.</b>
Administration and management	<u>10</u>	<u>9</u>
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	445,180	490,241
Social security costs	41,847	38,255
Other pension costs	<u>17,226</u>	<u>17,944</u>
	<u>504,253</u>	<u>546,440</u>

**18. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of MITIE Group PLC, MITIE Property 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.

**19. 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. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.