

Company Registration Number 3530337

MITIE HYDROCAT LIMITED

Report and Financial Statements

31 March 2005



MITIE HYDROCAT LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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MITIE HYDROCAT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R McGregor-Smith
W Robson
I R Stewart

SECRETARY

C K Ross

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

Royal Bank of Scotland
1 Moncrieff Street
Paisley
Glasgow
PA3 2AW

AUDITORS

Deloitte & Touche LLP
Bristol

MITIE HYDROCAT 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 ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activities are to hire contract labour and equipment in the Ultra High Pressure Pump market.

As a result of poor market conditions and an uncertain future within the High Pressure Pump business, the directors have made the decision to withdraw from the market. The company ceased to trade on 31 July 2003, with the remaining assets being sold where possible, and all contractual obligations satisfied. The profit for the current year is a result of the reversal of provisions that are no longer required.

The company has the continued support of the parent company.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £15,385 (2004: loss of £409,253). The directors do not propose the payment of a dividend (2004: nil) and recommend £15,385 be transferred to reserves (2004: £409,253 transferred from reserves).

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

R McGregor-Smith
W Robson
I R Stewart

W Robson, I R Stewart and R McGregor-Smith 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.

No other director had an interest in the share capital of MITIE Group PLC or any other group company.

MITIE HYDROCAT 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 creditor days were nil (2004: nil days), as the company has ceased trading.

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

A handwritten signature in black ink, appearing to be 'C K Ross', with a horizontal line extending from the end of the signature.

C K Ross
Secretary

19 July 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE HYDROCAT LIMITED

We have audited the financial statements of MITIE HydroCat 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 HYDROCAT LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2005

	Notes	Discontinued operations	
		2005	2004
		£	£
TURNOVER	2	-	278,211
Cost of sales		41,340	5,955
GROSS PROFIT		41,340	284,166
Administrative expenses		1,188	(838,242)
OPERATING PROFIT/(LOSS)	3	42,528	(554,076)
Interest payable	4	(20,550)	(29,217)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		21,978	(583,293)
Tax (charge)/credit on profit/(loss) on ordinary activities	5	(6,593)	174,040
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	10	15,385	(409,253)

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 statement of total recognised gains and losses has been presented.

MITIE HYDROCAT LIMITED

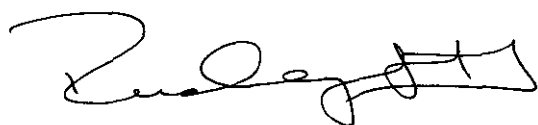
BALANCE SHEET

At 31 March 2005

	Notes	£	2005	£	£	2004	£
FIXED ASSETS							
Tangible assets	6			-			-
CURRENT ASSETS							
Debtors	7		-		179,216		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8		(389,857)		(584,458)		
NET CURRENT LIABILITIES				(389,857)		(405,242)	
TOTAL ASSETS LESS CURRENT LIABILITIES				(389,857)		(405,242)	
NET LIABILITIES				(389,857)		(405,242)	
SHARE CAPITAL AND RESERVES							
Called up share capital	9		1,658,000			1,658,000	
Profit and loss account	10		(2,047,857)			(2,063,242)	
TOTAL EQUITY SHAREHOLDERS' DEFICIT	11		(389,857)			(405,242)	

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 HYDROCAT LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2005

	Notes	2005 £	2004 £
Net cash inflow from operating activities	12	44,999	271,037
Returns on investments and servicing of finance			
Interest paid		(21,968)	(30,521)
Taxation			
Group relief received		91,091	146,278
Capital expenditure			
Receipts from disposal of tangible fixed assets		30,000	162,340
Increase in cash in the year	14	<u>144,122</u>	<u>549,134</u>

MITIE HYDROCAT 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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. 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 machinery and fixtures and fittings	up to 14 years
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Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Tax

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pension costs

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

MITIE HYDROCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

2. TURNOVER

Turnover which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for the contract.

Turnover is attributable to the continuing activity of contracting services. An analysis of turnover by geographical market is given below:

	2005 £	2004 £
United Kingdom	-	278,211

3. OPERATING PROFIT/(LOSS) is stated after charging:

	2005 £	2004 £
Depreciation and amounts written off fixed assets	-	764,394
Auditors' remuneration - audit services	(1,200)	1,750
(Profit)/loss on disposal of tangible fixed assets	(30,000)	27,146

4. INTEREST PAYABLE

	2005 £	2004 £
Bank interest	20,550	29,217

MITIE HYDROCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

5. TAX (CHARGE)/CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2005	2004
	£	£
(a) Analysis of (charge)/credit in year		
United Kingdom corporation tax at 30% (2002: 30%)	(6,593)	128,493
Adjustment in respect of prior years	-	526
	<u>(6,593)</u>	<u>129,019</u>
Total current tax (note 5(b))	(6,593)	129,019
Deferred taxation:		
Timing differences - origination and reversal	-	46,495
Adjustments in respect of prior years	-	(1,474)
	<u>(6,593)</u>	<u>174,040</u>
Tax (charge)/credit on (loss)/profit on ordinary activities	(6,593)	174,040

(b) Factors affecting tax (charge)/credit 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/(loss) on ordinary activities before tax	<u>21,978</u>	<u>(583,293)</u>
	£	£
Tax at 30% thereon	(6,593)	174,988
Capital allowances in excess of depreciation	-	(46,495)
Prior period adjustments	-	526
	<u>(6,593)</u>	<u>129,019</u>
Current tax (charge)/credit for the year (note 5(a))	(6,593)	129,019

(c) Factors affecting future tax charges

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

MITIE HYDROCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

6. TANGIBLE FIXED ASSETS

	Plant and machinery and fixtures and fittings £
Cost	
At 1 April 2004	1,602,853
Disposals	(1,602,853)
	<hr/>
At 31 March 2005	-
	<hr/>
Depreciation	
At 1 April 2004	1,602,853
Disposals	(1,602,853)
	<hr/>
At 31 March 2005	-
	<hr/>
Net book value	
At 31 March 2005	-
	<hr/>
	<hr/>
At 31 March 2004	-
	<hr/>

Capital commitments

At 31 March 2005 the directors had contracted commitments for future capital expenditure of nil (2004: nil).

7. DEBTORS	2005 £	2004 £
Other debtors	-	88,125
Group relief recoverable	-	91,091
	<hr/>	<hr/>
	-	179,216
	<hr/>	<hr/>
 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	 2005 £	 2004 £
Bank overdraft	383,264	527,386
Trade creditors	-	41,339
Corporation tax	6,593	-
Other taxation and social security	-	12,216
Accruals and deferred income	-	3,517
	<hr/>	<hr/>
	389,857	584,458
	<hr/>	<hr/>

MITIE HYDROCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

9. CALLED UP SHARE CAPITAL	2005 £	2004 £
Authorised		
1,500,000 £1 'A' ordinary shares	1,500,000	1,500,000
130,000 £1 'B' ordinary shares	130,000	130,000
370,000 £1 'C' ordinary shares	370,000	370,000
	<u>2,000,000</u>	<u>2,000,000</u>
	£	£
Allotted, called up and fully paid		
1,500,000 £1 'A' ordinary shares	1,500,000	1,500,000
130,000 £1 'B' ordinary shares	130,000	130,000
28,000 £1 'C' ordinary shares	28,000	28,000
	<u>1,658,000</u>	<u>1,658,000</u>

Rights attached to shares

The holders of the £1 'A' ordinary shares, the £1 'B' ordinary shares and the £1 'C' 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.

All classes of shareholder have equal voting rights.

10. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2004	(2,063,242)
Retained profit for the year	15,385
	<u>(2,047,857)</u>
At 31 March 2005	

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2005 £	2004 £
Profit/(loss) for the financial year	15,385	(409,253)
Opening shareholders' (deficit)/funds	(405,242)	4,011
	<u>(389,857)</u>	<u>(405,242)</u>
Closing shareholders' deficit		

MITIE HYDROCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

12. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit/(loss)	42,528	(554,076)
Depreciation	-	764,394
(Profit)/loss on disposal of tangible fixed assets	(30,000)	27,146
Decrease in debtors	88,125	57,351
Decrease in creditors	(55,654)	(23,778)
Net cash inflow from operating activities	<u>44,999</u>	<u>271,037</u>

13. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2004 £	Cash flows £	At 31 March 2005 £
Bank overdraft	(527,386)	144,122	(383,264)

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £	2004 £
Increase in cash in the year	144,122	549,134
Net debt at beginning of year	(527,386)	(1,076,520)
Net debt at end of year	<u>(383,264)</u>	<u>(527,386)</u>

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 the 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 HYDROCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

16. DIRECTORS	2005 £	2004 £
Fees and other emoluments (excluding pension contributions)	-	-

W Robson, I R Stewart and R McGregor-Smith are directors of MITIE Group PLC. Their emoluments and pension details are disclosed in the group accounts. Where the directors are remunerated by other MITIE Group companies for their services to the group as a whole, it is not practicable to allocate their remuneration between their services as directors of MITIE HydroCat Limited and their services as directors of other group companies

17. EMPLOYEES

Number of employees (including directors)

The average weekly number of employees during the year was as follows:

	2005 No.	2004 No.
Management and administration staff	-	1

Employment costs (including directors)

	£	£
Wages and salaries	-	33,731
Social security costs	-	3,749
Other pension costs	-	2,688
	-	40,168

18. RELATED PARTY TRANSACTIONS

MITIE Group PLC is the holder of the 'A' ordinary shares, the 'B' ordinary shares and the 'C' ordinary shares and was a 100% shareholder of MITIE HydroCat Limited at 31 March 2005.

MITIE HydroCat Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

MITIE HYDROCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

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.

An updated Financial Reporting Standard 17 valuation of the scheme as at 31 March 2005 indicated that the scheme was 85% funded.

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 HYDROCAT LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
Year ended 31 March 2005

	2005 £	2004 £
TURNOVER	-	278,211
Cost of sales	41,340	5,955
GROSS PROFIT	<u>41,340</u>	<u>284,166</u>
ADMINISTRATIVE EXPENSES		
Management charges payable	30,000	15,700
Salaries, including directors' salaries	-	40,168
Rent and rates	-	(3,750)
Insurance	-	(3,071)
Motor expenses, travel and subsistence	-	(3,833)
Computer services	-	702
Legal and professional	-	(1,185)
Sundry expenses	12	-
Depreciation	-	764,394
Bank charges	-	221
Audit fee	(1,200)	1,750
Loss on disposal of tangible fixed assets	-	27,146
Profit on disposal of intangible fixed assets and investments	(30,000)	-
	<u>1,188</u>	<u>(838,242)</u>
OPERATING PROFIT/(LOSS)	<u>42,528</u>	<u>(554,076)</u>