

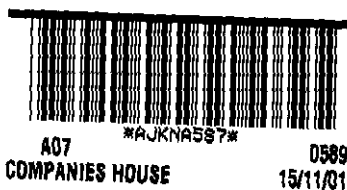
Company Number 3530430

**Deloitte  
& Touche**

**MITIE PROPERTY SERVICES (MIDLANDS) LIMITED**

**Report and Financial Statements**

**31 March 2001**



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

**REPORT AND FINANCIAL STATEMENTS 2001**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
R Butler  
W Robson  
C J Summers

**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  
Wroughton  
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 2001.

### **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 1985. 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 principal activities of the company during the year were painting and building maintenance contracting. In order to strengthen the company the ongoing contracts of Prestige Painting Contractors Limited were incorporated into MITIE Property Services (Midlands) Limited on 1 April 2001.

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 £342,178 (2000: £153,731). The directors propose the payment of a dividend of £14,680 (2000: £14,680).

### **DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
R Butler  
W Robson  
C J Summers

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

The beneficial interest of the directors and their families in the share capital of the company at the beginning and end of the financial year were as follows:

	At 31 March 2001 £1 'B' Ordinary shares No.	At 1 April 2000 £1 'B' Ordinary shares No.
R Butler	26,000	26,000
C J Summers	25,000	25,000

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 were as follows:

	At 31 March 2001 5p Ordinary shares No.	At 1 April 2000 5p Ordinary shares No.
W Robson	1,002,020	1,100,020

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

**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 2001 trade creditors as a proportion of amounts invoiced from suppliers for the year, represented 82 (2000: 70) days.

**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



C K Ross  
Secretary

20 August 2001

**AUDITORS' REPORT TO THE MEMBERS OF**

**MITIE PROPERTY SERVICES (MIDLANDS) 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**DELOITTE & TOUCHE**  
Chartered Accountants and  
Registered Auditors

20 August 2001

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2001

	Notes	Continuing operations	
		2001	2000
		£	£
<b>TURNOVER</b>	1	7,703,317	6,017,014
Cost of sales		(6,289,451)	(5,015,943)
<b>GROSS PROFIT</b>		1,413,866	1,001,071
Administrative expenses		(934,295)	(787,537)
<b>OPERATING PROFIT</b>	2	479,571	213,534
Interest receivable	3	14,444	11,146
Interest payable	3	(202)	(849)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		493,813	223,831
Tax on profit on ordinary activities	4	(151,635)	(70,100)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		342,178	153,731
Dividends	5	(14,680)	(14,680)
<b>RETAINED PROFIT FOR THE YEAR</b>	11	327,498	139,051

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

BALANCE SHEET  
At 31 March 2001

	Notes	2001	2000
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	6	207,079	100,904
<b>CURRENT ASSETS</b>			
Work in progress	7	941,392	448,571
Debtors	8	1,108,927	1,164,537
Cash at bank and in hand		483,528	304,651
		<u>2,533,847</u>	<u>1,917,759</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(2,016,885)</u>	<u>(1,622,120)</u>
<b>NET CURRENT ASSETS</b>		<u>516,962</u>	<u>295,639</u>
<b>NET ASSETS</b>		<u>724,041</u>	<u>396,543</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	183,500	183,500
Profit and loss account	11	540,541	213,043
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	12	<u>724,041</u>	<u>396,543</u>

These financial statements were approved by the Board of Directors on 20 August 2001.

Signed on behalf of the Board of Directors



D M Telling  
Director



**CASH FLOW STATEMENT**  
Year ended 31 March 2001

	Notes	2001		2000	
		£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	13		454,240		(105,671)
<b>Returns on investments and servicing of finance</b>					
Interest received		13,205		11,253	
Interest element on finance lease rentals		(202)		(849)	
		<u>13,003</u>		<u>10,404</u>	
<b>Net cash inflow from returns on investments and servicing of finance</b>			13,003		10,404
<b>Taxation</b>					
UK corporation tax paid			(93,777)		(67,265)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(185,551)		(58,970)	
Receipts from disposal of tangible fixed assets		7,351		3,517	
		<u>(178,200)</u>		<u>(55,453)</u>	
<b>Net cash outflow from capital expenditure</b>			(178,200)		(55,453)
<b>Cash inflow/(outflow) before financing</b>			195,266		(217,985)
<b>Financing</b>					
Capital element of finance lease rental repayments			(1,709)		(5,130)
<b>Equity dividends paid</b>			(14,680)		(14,680)
<b>Increase/(decrease) in cash in the year</b>	15		<u>178,877</u>		<u>(237,795)</u>

**NOTES TO THE ACCOUNTS**

Year ended 31 March 2001

**1. ACCOUNTING POLICIES****Accounting convention**

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable 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:

Property	5 years
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 2001

<b>2. OPERATING PROFIT</b> is stated after charging/(crediting):	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Depreciation - owned fixed assets	72,972	36,731
Depreciation - assets held under finance leases	1,914	4,683
Auditors' remuneration - audit services	2,750	2,500
Profit on disposal of tangible fixed assets	(2,861)	(3,517)
	<u>          </u>	<u>          </u>
<b>3. INTEREST</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Interest receivable		
Bank interest	14,444	11,146
	<u>          </u>	<u>          </u>
Interest payable	£	£
Leasing interest	202	849
	<u>          </u>	<u>          </u>
<b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
UK current year taxation		
UK corporation tax 30% (2000: 30%)	151,635	70,100
	<u>          </u>	<u>          </u>
<b>5. DIVIDENDS</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Ordinary:		
Final dividend paid 8p (2000: 8p) per share	14,680	14,680
	<u>          </u>	<u>          </u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2001

## 6. TANGIBLE FIXED ASSETS

Summary	Property £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2000	13,266	7,284	158,394	178,944
Additions	-	14,662	170,889	185,551
Disposals	-	(6,605)	(1,232)	(7,837)
At 31 March 2001	13,266	15,341	328,051	356,658
<b>Depreciation</b>				
At 1 April 2000	7,262	3,432	67,346	78,040
Charge for the year	3,631	3,962	67,293	74,886
Disposals	-	(2,115)	(1,232)	(3,347)
At 31 March 2001	10,893	5,279	133,407	149,579
<b>Net book value</b>				
Owned assets	2,373	10,062	194,644	207,079
Leased assets	-	-	-	-
At 31 March 2001	2,373	10,062	194,644	207,079
Owned assets	6,004	3,852	89,134	98,990
Leased assets	-	-	1,914	1,914
At 31 March 2000	6,004	3,852	91,048	100,904

## 7. WORK IN PROGRESS

	2001 £	2000 £
Work in progress	1,601,784	874,451
Payments received on account	(660,392)	(425,880)
	941,392	448,571

## 8. DEBTORS

	2001 £	2000 £
Trade debtors	921,379	1,069,816
Amounts due from group undertakings	111,310	45,384
Other debtors	71,405	40,865
Prepayments and accrued income	4,833	8,472
	1,108,927	1,164,537

NOTES TO THE ACCOUNTS  
Year ended 31 March 2001

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2001 £	2000 £
Obligations under finance leases	-	1,709
Payments on account	180	59,751
Trade creditors	1,560,788	1,296,066
Amounts owed to group undertakings	99,209	46,824
Corporation tax	103,582	45,724
Other taxes and social security costs	217,572	149,703
Other creditors	745	283
Accruals and deferred income	20,129	7,380
Proposed dividends	14,680	14,680
	<u>2,016,885</u>	<u>1,622,120</u>

## 10. CALLED UP SHARE CAPITAL

	2001 and 2000	
	No.	£
<b>Authorised</b>		
£1 'A' ordinary shares	200,000	200,000
£1 'B' ordinary shares	196,000	196,000
	<u>396,000</u>	<u>396,000</u>
	No.	£
<b>Allotted and fully paid</b>		
£1 'A' ordinary shares	102,000	102,000
£1 'B' ordinary shares	81,500	81,500
	<u>183,500</u>	<u>183,500</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.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2001

## 11. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2000	213,043
Retained profit for the year	327,498
	<hr/>
At 31 March 2001	540,541
	<hr/>

## 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	342,178	153,731
Dividends	(14,680)	(14,680)
	<hr/>	<hr/>
Net addition to shareholders' funds	327,498	139,051
Opening shareholders' funds	396,543	257,492
	<hr/>	<hr/>
Closing shareholders' funds	724,041	396,543
	<hr/>	<hr/>

## 13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	479,571	213,534
Depreciation charges	74,886	41,414
Profit on disposal of tangible fixed assets	(2,861)	(3,517)
Increase in work in progress	(492,821)	(129,674)
Decrease/(increase) in debtors	56,849	(915,511)
Increase in creditors	338,616	688,083
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	454,240	(105,671)
	<hr/>	<hr/>

## 14. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2000 £	Cash flow £	At 31 March 2001 £
Cash at bank and in hand	304,651	178,877	483,528
Finance leases	(1,709)	1,709	-
	<hr/>	<hr/>	<hr/>
	302,942	180,586	483,528
	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS  
Year ended 31 March 200115. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET FUNDS

	2001 £	2000 £
Increase/(decrease) in cash for the year	178,877	(237,795)
Cash inflow from decrease in debt and lease financing	1,709	5,130
Movement in net funds in the year	180,586	(232,665)
Net funds at beginning of year	302,942	535,607
Net funds at end of year	<u>483,528</u>	<u>302,942</u>

## 16. 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 2001, the overall commitment was nil (2000: nil).

## 17. DIRECTORS

	2001 £	2000 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	<u>127,374</u>	<u>102,361</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>2</u>	<u>2</u>

Mr D M Telling is also a director of MITIE Group PLC and his emoluments and pension details are disclosed in the group accounts. Mr W Robson is paid for his services by MITIE Property Services Limited. It is not practicable to allocate their remuneration between their services as directors of MITIE Property Services (Midlands) Limited and their services as directors of other group companies.

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2001**18. EMPLOYEES****Number of employees**

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

	2001 No.	2000 No.
Site labour	99	86
Administration and management	17	17
	<u>116</u>	<u>103</u>
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	1,937,871	1,657,006
Social security costs	185,962	156,713
Other pension costs	12,726	12,419
	<u>2,136,559</u>	<u>1,826,138</u>

**19. RELATED PARTY TRANSACTIONS**

MITIE Group PLC is a 56% shareholder of MITIE Property Services (Midlands) Limited. During the year a loan of £98,000 was made to MITIE Group PLC, this balance is included within debtors at the year end. Management charges of £124,000 were paid to MITIE Property Services Limited.

During the year MITIE Property Services (Midlands) Limited supplied services totalling £13,310 to MITIE Roofing (South East) Limited, this balance is included within the year end debtor.

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