

Company Registration Number 3573265

**MITIE AIR CONDITIONING (LONDON) LIMITED**

**Report and Financial Statements**

**31 March 2005**



**MITIE AIR CONDITIONING (LONDON) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2005**

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# **MITIE AIR CONDITIONING (LONDON) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

C S Acheson  
M A Kadir  
R McGregor-Smith  
D R Mackey  
I R Stewart  
M A Tivey

### **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 (LONDON) 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 in commercial, industrial and domestic premises.

The company's business is progressing 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 £142,166 (2004: £126,600). The directors recommend that this be dealt with as follows:

|  | 2005<br>£      | 2004<br>£      |
|--|----------------|----------------|
| Ordinary dividends:                                      |                |                |
| - Final proposed 'A' shares £1.744 (2004: nil) per share | 71,147         | -              |
| - Final proposed 'B' shares 8p (2004: nil) per share     | 3,136          | -              |
| - Dividends repayable                                    | -              | (6,400)        |
| Total dividends  | 74,283         | (6,400)        |
| Transfer to reserves                                     | 67,883         | 133,000        |
|  | <u>142,166</u> | <u>126,600</u> |

## MITIE AIR CONDITIONING (LONDON) LIMITED

### DIRECTORS' REPORT (continued)

#### DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

C S Acheson  
M A Kadir  
R McGregor-Smith  
D R Mackey  
I R Stewart  
M A Tivey

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

|            | At 31 March 2005<br>£1 'B' ordinary shares<br>No. | At 1 April 2004<br>£1 'B' ordinary shares<br>No. |
|------------|---|--|
| M A Kadir  | 12,000  | 12,000   |
| D R Mackey | 12,000  | 12,000   |

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<br>2.5p Ordinary shares<br>No. | At 1 April 2004<br>2.5p Ordinary shares<br>No. |
|-----------|---|--|
| M A Tivey | 194,318   | 256,134  |

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

#### Share Options

|            | At 1 April<br>2004 | Granted<br>during the period<br>Options | Price | Exercise period<br>From | To | Exercised<br>during the period<br>Options | Price | At 31 March<br>2005 |
|------------|--------------------|---|-------|-------------------------|----|---|-------|---------------------|
| D R Mackey | 2,654              | -                                       | -     | 2008                    | -  | -   | -     | 2,654               |

The above options are held under the Savings Related Options Scheme.

No other director held share options in MITIE Group PLC at the beginning or end of the year.

Further details of the MITIE Group PLC Share Schemes are given in the accounts of that company.

M A Tivey's shareholdings in other group companies are disclosed in the accounts of MITIE Engineering Services Limited. No other director had any other interest in the share capital of any other group company.

## MITIE AIR CONDITIONING (LONDON) 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 period, represented 87 days (2004:103 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

A resolution to reappoint Deloitte & Touche LLP as the company's auditors will 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

19 July 2005

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### MITIE AIR CONDITIONING (LONDON) LIMITED

We have audited the financial statements of MITIE Air Conditioning (London) 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 (LONDON) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2005

|  | Notes | Continuing operations |             |
|--|-------|-----------------------|-------------|
|  |       | 2005                  | 2004        |
|  |       | £                     | £           |
| <b>TURNOVER</b>  | 1     | 4,715,319             | 3,650,980   |
| Cost of sales  |       | (3,493,183)           | (2,770,452) |
| <b>GROSS PROFIT</b>                                      |       | 1,222,136             | 880,528     |
| Administrative expenses                                  |       | (1,010,241)           | (693,486)   |
| <b>OPERATING PROFIT</b>                                  | 2     | 211,895               | 187,042     |
| Interest receivable                                      | 3     | 2,397                 | 2,354       |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |       | 214,292               | 189,396     |
| Tax charge on profit on ordinary activities              | 4     | (72,126)              | (62,796)    |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>AFTER TAXATION</b>  |       | 142,166               | 126,600     |
| Dividends  | 5     | (74,283)              | 6,400       |
| <b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>            | 11    | 67,883                | 133,000     |

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 (LONDON) LIMITED

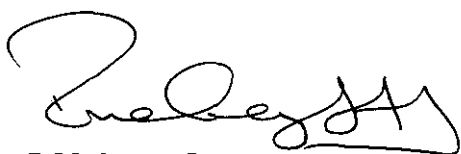
## BALANCE SHEET

At 31 March 2005

|   | Notes | 2005        |         | 2004        |        |
|---|-------|-------------|---------|-------------|--------|
|   |       | £           | £       | £           | £      |
| <b>FIXED ASSETS</b>                                   |       |             |         |             |        |
| Tangible assets                                       | 6     |             | 66,088  |             | 74,650 |
| <b>CURRENT ASSETS</b>                                 |       |             |         |             |        |
| Stocks  | 7     | 432         |         | 595         |        |
| Debtors   | 8     | 1,978,829   |         | 869,127     |        |
| Cash at bank and in hand                              |       | 146,862     |         | 209,934     |        |
|   |       | 2,126,123   |         | 1,079,656   |        |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b> | 9     | (2,042,221) |         | (1,072,199) |        |
| <b>NET CURRENT ASSETS</b>                             |       |             | 83,902  |             | 7,457  |
| <b>NET ASSETS</b>                                     |       |             | 149,990 |             | 82,107 |
| <b>SHARE CAPITAL AND RESERVES</b>                     |       |             |         |             |        |
| Called up share capital                               | 10    |             | 80,000  |             | 80,000 |
| Profit and loss account                               | 11    |             | 69,990  |             | 2,107  |
| <b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>               | 12    |             | 149,990 |             | 82,107 |

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 (LONDON) LIMITED**

**CASH FLOW STATEMENT**  
**Year ended 31 March 2005**

|  | Notes | 2005     |          | 2004     |          |
|--|-------|----------|----------|----------|----------|
|  |       | £        | £        | £        | £        |
| Net cash inflow from operating activities              | 13    |          | 33,480   |          | 132,900  |
| <b>Returns on investments and servicing of finance</b> |       |          |          |          |          |
| Interest received                                      |       |          | 2,887    |          | 2,032    |
| <b>Taxation</b>  |       |          |          |          |          |
| UK corporation tax paid                                |       |          | (77,615) |          | (49,092) |
| <b>Capital expenditure</b>                             |       |          |          |          |          |
| Payments to acquire tangible fixed assets              |       | (26,224) |          | (33,897) |          |
| Proceeds from disposal of tangible fixed assets        |       | 4,400    |          | -        |          |
| <b>Net cash outflow from capital expenditure</b>       |       |          | (21,824) |          | (33,897) |
| <b>(Decrease)/increase in cash in the year</b>         | 15    |          | (63,072) |          | 51,943   |

# MITIE AIR CONDITIONING (LONDON) 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 year. 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:

|                     |               |
|---------------------|---------------|
| Office equipment    | 3 to 10 years |
| Motor vehicles      | 4 years       |
| Plant and equipment | 4 to 10 years |

#### 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.

*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.*

#### Deferred taxation

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.

# MITIE AIR CONDITIONING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

|  |                   |                   |
|--|-------------------|-------------------|
| <b>2. OPERATING PROFIT is stated after charging:</b>   | <b>2005</b>       | <b>2004</b>       |
|  | <b>£</b>          | <b>£</b>          |
| Depreciation on owned assets   | 34,054            | 34,332            |
| Auditors' remuneration - audit services  | 3,600             | 3,400             |
| Profit on disposal of tangible fixed assets  | (3,668)           | -                 |
| Operating lease rentals - land and buildings   | 34,950            | 34,950            |
|  | <u>          </u> | <u>          </u> |
| <b>3. INTEREST RECEIVABLE</b>  | <b>2005</b>       | <b>2004</b>       |
|  | <b>£</b>          | <b>£</b>          |
| Bank interest  | 2,397             | 2,354             |
|  | <u>          </u> | <u>          </u> |
| <b>4. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES</b>  | <b>2005</b>       | <b>2004</b>       |
| <b>(a) Analysis of charge in year</b>  | <b>£</b>          | <b>£</b>          |
| Current taxation:  |                   |                   |
| United Kingdom corporation tax at 30% (2004: 30%) (note 4(b))  | 71,487            | 64,893            |
| Deferred taxation:   |                   |                   |
| Timing differences - origination and reversal  | 839               | (2,097)           |
| Adjustments in respect of prior years  | (200)             | -                 |
|  | <u>          </u> | <u>          </u> |
| <b>Tax charge on profit on ordinary activities</b>   | <b>72,126</b>     | <b>62,796</b>     |
|  | <u>          </u> | <u>          </u> |
| <b>(b) Factors affecting tax charge in year</b>  |                   |                   |
| 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: |                   |                   |
|  | <b>£</b>          | <b>£</b>          |
| Profit on ordinary activities before tax   | 214,292           | 189,396           |
|  | <u>          </u> | <u>          </u> |
|  | <b>£</b>          | <b>£</b>          |
| Tax at 30% thereon   | 64,288            | 56,819            |
| Expenses not deductible for tax purposes   | 7,838             | 5,977             |
| Capital allowances in excess of depreciation   | (639)             | 2,097             |
|  | <u>          </u> | <u>          </u> |
| <b>Current tax charge for the year (note 4(a))</b>   | <b>71,487</b>     | <b>64,893</b>     |
|  | <u>          </u> | <u>          </u> |
| <b>(c) Factors affecting future tax charges</b>  |                   |                   |
| The company is not aware of any matters that will materially affect the future tax charge.   |                   |                   |

# MITIE AIR CONDITIONING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

| 5. DIVIDENDS  | 2005<br>£     | 2004<br>£      |
|---|---------------|----------------|
| 'A' ordinary shares of 174.4p (2004: nil) per share | 71,147        | -              |
| 'B' ordinary shares of 8p (2004: nil) per share     | 3,136         | -              |
| Dividends repayable                                 | -             | (6,400)        |
|   | <u>74,283</u> | <u>(6,400)</u> |

In the previous year the directors requested from the shareholders repayment of the 2003 dividend as insufficient distributable reserves were present in the company at that time.

## 6. TANGIBLE FIXED ASSETS

|                       | Office<br>equipment<br>£ | Motor<br>vehicles<br>£ | Plant and<br>equipment<br>£ | Total<br>£     |
|-----------------------|--------------------------|------------------------|-----------------------------|----------------|
| <b>Cost</b>           |                          |                        |                             |                |
| At 1 April 2004       | 44,647                   | 107,396                | 579                         | 152,622        |
| Additions             | 337                      | 25,887                 | -                           | 26,224         |
| Disposals             | -                        | (23,591)               | -                           | (23,591)       |
| At 31 March 2005      | <u>44,984</u>            | <u>109,692</u>         | <u>579</u>                  | <u>155,255</u> |
| <b>Depreciation</b>   |                          |                        |                             |                |
| At 1 April 2004       | 21,895                   | 55,498                 | 579                         | 77,972         |
| Charge for the year   | 9,750                    | 24,304                 | -                           | 34,054         |
| Disposals             | -                        | (22,859)               | -                           | (22,859)       |
| At 31 March 2005      | <u>31,645</u>            | <u>56,943</u>          | <u>579</u>                  | <u>89,167</u>  |
| <b>Net book value</b> |                          |                        |                             |                |
| At 31 March 2005      | <u>13,339</u>            | <u>52,749</u>          | <u>-</u>                    | <u>66,088</u>  |
| At 31 March 2004      | <u>22,752</u>            | <u>51,898</u>          | <u>-</u>                    | <u>74,650</u>  |

### Capital commitments

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

# MITIE AIR CONDITIONING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

| 7. | STOCKS           | 2005<br>£ | 2004<br>£ |
|----|------------------|-----------|-----------|
|    | Work in progress | 432       | 595       |

| 8. | DEBTORS                            | 2005<br>£ | 2004<br>£ |
|----|------------------------------------|-----------|-----------|
|    | Trade debtors                      | 1,676,231 | 708,359   |
|    | Amounts owed by group undertakings | 299,580   | 145,801   |
|    | Other debtors                      | -         | 10,820    |
|    | Prepayments and accrued income     | -         | 490       |
|    | Deferred tax asset                 | 3,018     | 3,657     |
|    |                                    | 1,978,829 | 869,127   |

A deferred tax asset of £3,018 has been recognised at 31 March 2005 (2004: £3,657). This asset relates to negative accelerated capital allowances. The directors are of the opinion that suitable profits will be available in the period in which these differences will reverse. The amount debited to the profit and loss account in the year was £640 (2004: £2,097 credited).

| 9. | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 2005<br>£ | 2004<br>£ |
|----|--|-----------|-----------|
|    | Trade creditors                                | 1,736,682 | 905,515   |
|    | Amounts owed to group undertakings             | 58,681    | 4,539     |
|    | Other taxes and social security costs          | 80,493    | 96,172    |
|    | Corporation tax                                | 31,180    | 37,308    |
|    | Other creditors                                | 3,444     | 716       |
|    | Accruals and deferred income                   | 57,458    | 27,949    |
|    | Proposed dividend                              | 74,283    | -         |
|    |  | 2,042,221 | 1,072,199 |

# MITIE AIR CONDITIONING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

| 10. CALLED UP SHARE CAPITAL    | 2005<br>£      | 2004<br>£      |
|--------------------------------|----------------|----------------|
| <b>Authorised</b>              |                |                |
| 127,500 £1 'A' ordinary shares | 127,500        | 127,500        |
| 122,500 £1 'B' ordinary shares | 122,500        | 122,500        |
|                                | <u>250,000</u> | <u>250,000</u> |
|                                | £              | £              |
| <b>Allotted and fully paid</b> |                |                |
| 40,800 £1 'A' ordinary shares  | 40,800         | 40,800         |
| 39,200 £1 'B' ordinary shares  | 39,200         | 39,200         |
|                                | <u>80,000</u>  | <u>80,000</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.

On return of capital, the assets of the company will be distributed equally to all £1 ordinary share holders.

### 11. PROFIT AND LOSS ACCOUNT

|                              | £             |
|------------------------------|---------------|
| At 1 April 2004              | 2,107         |
| Retained profit for the year | 67,883        |
|                              | <u>69,990</u> |
| At 31 March 2005             |               |

**MITIE AIR CONDITIONING (LONDON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2005

|            |  |                        |                         |
|------------|--|------------------------|-------------------------|
| <b>12.</b> | <b>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>                              | <b>2005</b>            | <b>2004</b>             |
|            |  | <b>£</b>               | <b>£</b>                |
|            | Profit for the financial year  | 142,166                | 126,600                 |
|            | Dividends  | (74,283)               | 6,400                   |
|            | Net addition to shareholders' funds  | 67,883                 | 133,000                 |
|            | Opening shareholders' funds/(debt)   | 82,107                 | (50,893)                |
|            | <b>Closing shareholders' funds</b>   | <b>149,990</b>         | <b>82,107</b>           |
| <b>13.</b> | <b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b> | <b>2005</b>            | <b>2004</b>             |
|            |  | <b>£</b>               | <b>£</b>                |
|            | Operating profit   | 211,895                | 187,042                 |
|            | Depreciation charges   | 34,054                 | 34,332                  |
|            | Profit on disposal of tangible fixed assets  | (3,668)                | -                       |
|            | Decrease/(increase) in work in progress  | 163                    | (595)                   |
|            | Increase in debtors  | (1,110,831)            | (450,988)               |
|            | Increase in creditors  | 901,867                | 363,109                 |
|            | <b>Net cash inflow from operating activities</b>                                       | <b>33,480</b>          | <b>132,900</b>          |
| <b>14.</b> | <b>ANALYSIS OF CHANGES IN NET FUNDS</b>  | <b>At 1 April 2004</b> | <b>At 31 March 2005</b> |
|            |  | <b>£</b>               | <b>£</b>                |
|            | Cash at bank and in hand   | 209,934                | 146,862                 |
| <b>15.</b> | <b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>                        | <b>2005</b>            | <b>2004</b>             |
|            |  | <b>£</b>               | <b>£</b>                |
|            | (Decrease)/increase in cash in the year  | (63,072)               | 51,943                  |
|            | Net funds at beginning of year   | 209,934                | 157,991                 |
|            | <b>Net funds at end of year</b>  | <b>146,862</b>         | <b>209,934</b>          |



# MITIE AIR CONDITIONING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2005

### 16. FINANCIAL COMMITMENTS

#### Operating leases

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

| Land and buildings             | 2005<br>£     | 2004<br>£     |
|--------------------------------|---------------|---------------|
| Expiry date less than one year | <u>34,950</u> | <u>34,950</u> |

#### 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<br>£      | 2004<br>£      |
|--|----------------|----------------|
| The emoluments of directors of the company were:   |                |                |
| Fees and other emoluments (excluding pension contributions but including benefits-in-kind) | <u>118,047</u> | <u>113,798</u> |

C S Acheson, I R Stewart and R McGregor-Smith are remunerated by MITIE Group PLC for their services to the group as a whole and M A Tivey is remunerated by MITIE Engineering Services Limited for his services to the group as a whole. It is not practicable to allocate their remuneration between their services as directors of MITIE Air Conditioning (London) Limited and their services as directors of other group companies.

|  | 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 directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts.

## MITIE AIR CONDITIONING (LONDON) 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<br>No. | 2004<br>No. |
|-------------------------------|-------------|-------------|
| Administration and management | 14          | 11          |
| Employment costs              | £           | £           |
| Wages and salaries            | 554,579     | 369,969     |
| Social security costs         | 68,159      | 43,442      |
| Pension costs                 | 5,675       | 7,099       |
|                               | 628,413     | 420,510     |

#### 19. RELATED PARTY TRANSACTIONS

MITIE Group PLC is a holder of 'A' ordinary shares and is an 65% shareholder.

During the year, MITIE Air Conditioning (London) Limited undertook services for other group companies on normal commercial terms of £1,363,342 (2004: £433,488). An amount of £299,580 (2004: £145,888) was included in debtors at 31 March 2005 in respect of these services.

Some £66,348 (2004: £29,665) of services were purchased from group companies, an amount of £58,681 (2004: £4,539) remains outstanding at 31 March 2005 in respect of these purchases.

Management charges of £105,944 (2004: £58,867) were paid to MITIE Engineering Services Limited during the year. An amount of nil (2004: nil) was outstanding at 31 March 2005 in respect of these charges. The company raised a charge of nil (2004: £28,281) on other group companies in the year.

No assets were transferred into the company during the year (2004: £13,617) and nothing was outstanding at 31 March 2005 (2004: nil).

Mr M A Tivey has a loan of nil (2004: £141,164) from MITIE Group PLC. This loan, which was made in consideration of Mr M A Tivey relocating, was repaid in full during the year and carried interest of 5.75% (2004: 5.75%).

## **MITIE AIR CONDITIONING (LONDON) 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 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.