

**MITIE SECURITY (SCOTLAND) LIMITED**  
(formerly MITIE Olscot Security Services Limited)

**Report and Financial Statements**

**9 March 2002**



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

**REPORT AND FINANCIAL STATEMENTS 2002**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
I R Stewart  
J Astley  
A Cochrane  
W Dunne  
S P Gardyne  
A Hill

**SECRETARIES**

C K Ross  
A F Waters (resigned 31 March 2002)

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wroughton  
Bristol  
BS40 5SA

**BANKERS**

Clydesdale Bank plc  
Charing Cross  
1 Woodside Crescent  
Glasgow  
G3 7UL

**AUDITORS**

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

## **DIRECTORS' REPORT**

The directors present their report and audited financial statements for the financial year ended 9 March 2002.

The financial statements have been made up to 9 March 2002, being a date not more than seven days before the accounting reference date as permitted by Section 223 of the Companies Act 1985.

## **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 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 company provides manned guarding services to commerce, financial institutions and to industrial clients.

The company's business has developed satisfactorily and the directors consider that the company is in a good position to continue that development.

On 26 July 2002 the company changed its name to MITIE Security (Scotland) Limited.

## **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £28,255 (2001: £38,774). The directors propose payment of a dividend of £7,180 (2001: £7,180) and recommend that the balance of £21,075 (2001: £31,594) be transferred to reserves.

## **DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
I R Stewart  
A Cochrane  
W Dunne  
S P Gardyne  
A Hill  
J Astley (resigned 16 May 2002)

**DIRECTORS' REPORT (continued)**

**DIRECTORS AND THEIR INTERESTS (continued)**

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

	At 9 March 2002 £1 'B' ordinary shares No.	At 10 March 2001 £1 'B' ordinary shares No.
J Astley	5,000	5,000

No other director had a beneficial interest in the share capital of the company during the year.

The following directors had a beneficial interest in the loan stock of the company:

	At 9 March 2002 Loan stock £	At 10 March 2001 Loan stock £
J Astley	5,000	5,000
A Cochrane	12,080	12,080
W Dunne	12,000	12,000
S P Gardyne	11,000	11,000
A Hill	5,000	5,000

Messrs D M Telling and I R Stewart 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.

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

	At 9 March 2002 2.5p Ordinary shares No.	At 10 March 2001 5p Ordinary shares No.
J Astley	796,440	403,220

On 2 April 2001 each MITIE Group PLC 5p ordinary share was subdivided into two ordinary shares of 2.5p each.

**Share Options**

		At 11 March 2001	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 9 March 2002
J Astley	(ii)	400,000	-	-	2001	2008	-	-	800,000
A Cochrane	(i)	1,191	-	-	-	-	-	-	2,382
S P Gardyne	(i)	4,093	1,296	£1.25	2006	2007	-	-	9,482
	(ii)	13,000	-	-	2002	2010	-	-	26,000

(i) Options under the Savings Related Option Scheme

(ii) Options under the Executive Share Option Scheme

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

**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 9 March 2002 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 63 days (2001: 57 days).

**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 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

12 August 2002

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

**MITIE SECURITY (SCOTLAND) LIMITED**  
**(formerly MITIE Olscot Security Services Limited)**

We have audited the financial statements of MITIE Security (Scotland) Limited (formerly MITIE Olscot Security Services Limited) for the year ended 9 March 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the 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.

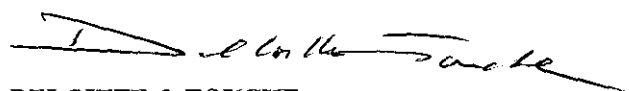
**Basis of audit opinion**

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 9 March 2002 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

12 August 2002

**Deloitte  
& Touche  
Tohmatsu**

Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Financial Services Authority in respect of regulated activities.

**PROFIT AND LOSS ACCOUNT**  
**Year ended 9 March 2002**

	Notes	Continuing operations	
		2002	2001
		£	£
<b>TURNOVER</b>	1	1,686,805	1,188,855
Cost of sales		(1,356,653)	(943,448)
<b>GROSS PROFIT</b>		330,152	245,407
Administrative expenses		(286,200)	(188,708)
<b>OPERATING PROFIT</b>	2	43,952	56,699
Interest receivable	3	1,915	2,614
Interest payable	3	(5,325)	(5,025)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		40,542	54,288
Tax on profit on ordinary activities	4	(12,287)	(15,514)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		28,255	38,774
Dividends	5	(7,180)	(7,180)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	11	21,075	31,594

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 9 March 2002**

	Notes	2002		2001	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		52,996		39,835
<b>CURRENT ASSETS</b>					
Debtors	7	363,050		340,793	
Cash at bank and in hand		72,218		25,169	
		435,268		365,962	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(304,716)		(243,324)	
Convertible redeemable unsecured loan stock	9	(50,250)		-	
<b>NET CURRENT ASSETS</b>			80,302		122,638
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			133,298		162,473
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
Convertible redeemable unsecured loan stock	9		-		(50,250)
<b>NET ASSETS</b>			133,298		112,223
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		89,750		89,750
Profit and loss account	11		43,548		22,473
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	12		133,298		112,223

These financial statements were approved by the Board of Directors on 12 August 2002.

Signed on behalf of the Board of Directors



D M Telling  
Director

**CASH FLOW STATEMENT**  
Year ended 9 March 2002

	Notes	2002		2001	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	13		108,573		4,516
<b>Returns on investments and servicing of finance</b>					
Interest received		3,336		2,403	
Interest paid		(5,325)		-	
<b>Cash (outflow)/inflow from returns on investments and servicing of finance</b>			(1,989)		2,403
<b>Taxation</b>					
UK corporation tax paid		(19,831)		(5,076)	
Group relief received		-		2,399	
<b>Net cash outflow from taxation</b>			(19,831)		(2,677)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(36,104)		(38,953)	
Receipts from disposal of tangible fixed assets		3,580		-	
<b>Net cash outflow from capital expenditure</b>			(32,524)		(38,953)
<b>Cash inflow/(outflow) before financing</b>			54,229		(34,711)
<b>Financing</b>					
Issue of loan stock			-		20,000
<b>Equity dividends paid</b>			(7,180)		-
<b>Increase/(decrease) in cash in the year</b>	15		47,049		(14,711)

**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

**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. 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:

Plant	3 to 5 years
Office equipment	3 to 5 years
Motor vehicles	4 years

**Leasing commitments**

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

**Deferred taxation**

This is the first year of adoption of FRS 19 (Deferred Tax). FRS 19 requires full provision to be made for deferred tax, as stated below. It replaces the "partial provision" rules previously allowed under Statement of Standard Accounting Practice No. 15. This change had no material impact on the company and hence there is no restatement of the opening reserves.

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 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 pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

<b>2.</b>	<b>OPERATING PROFIT is stated after charging:</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	Depreciation	19,268	14,339
	Auditors' remuneration - audit services	2,100	2,750
	Profit on disposal of tangible fixed assets	95	-
	Rentals under operating leases - other	4,447	4,389
		<u>          </u>	<u>          </u>
<b>3.</b>	<b>INTEREST</b>	<b>2002</b>	<b>2001</b>
	<b>Interest receivable</b>	<b>£</b>	<b>£</b>
	Bank interest	1,915	2,614
		<u>          </u>	<u>          </u>
	<b>Interest payable</b>	<b>£</b>	<b>£</b>
	On bank borrowings	300	-
	On unsecured loan stock 2009	5,025	5,025
		<u>          </u>	<u>          </u>
		<u>5,325</u>	<u>5,025</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

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

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2001: 30%). The current tax charge for the year exceeds 30% (2001: exceeds 30%) for the reasons set out in the following reconciliation:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	40,542	54,288
	<u>£</u>	<u>£</u>
Tax on profit on ordinary activities at standard rate	12,162	16,286
Factors affecting the charge:		
- disallowable expenses	143	57
- capital allowances for period in excess of depreciation	571	326
- loss on disposal of tangible fixed assets	29	-
- other short-term timing differences	-	94
	<u>12,905</u>	<u>15,514</u>
<b>UK corporation tax charge for the year</b>	<b>12,905</b>	<b>15,514</b>
<b>Deferred tax</b>		
Timing differences, origination and reversal:		
- current year	(582)	-
- prior year	(18)	-
<b>Prior years</b>		
UK corporation tax	(18)	-
	<u>12,287</u>	<u>15,514</u>
<b>Tax charge on profit on ordinary activities</b>	<b>12,287</b>	<b>15,514</b>

The company is not aware of any factors that may materially affect the future tax charge.

**5. DIVIDENDS**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Final proposed:		
'A' ordinary of 8p (2001: 8p) per share	6,780	6,780
'B' ordinary of 8p (2001: 8p) per share	400	400
	<u>7,180</u>	<u>7,180</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

**6. TANGIBLE FIXED ASSETS**

Summary	Plant £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 11 March 2001	7,005	10,672	47,424	65,101
Additions	4,048	6,000	24,261	34,309
Transfers in	-	-	7,824	7,824
Transfers out	-	-	(9,777)	(9,777)
Disposals	-	-	(7,824)	(7,824)
At 9 March 2002	11,053	16,672	61,908	89,633
<b>Depreciation</b>				
At 11 March 2001	914	7,192	17,160	25,266
Charge for the year	1,548	3,276	14,444	19,268
Transfers in	-	-	6,029	6,029
Transfers out	-	-	(7,897)	(7,897)
Disposals	-	-	(6,029)	(6,029)
At 9 March 2002	2,462	10,468	23,707	36,637
<b>Net book value</b>				
At 9 March 2002	8,591	6,204	38,201	52,996
At 10 March 2001	6,091	3,480	30,264	39,835

**Capital commitments**

At 9 March 2002 the directors had authorised capital expenditure of nil (2001: nil).

**7. DEBTORS**

	2002 £	2001 £
Trade debtors	288,848	290,472
Amounts owed by group undertakings	59,827	39,578
Other debtors	71	-
Prepayments and accrued income	13,704	10,743
Deferred tax asset	600	-
	<u>363,050</u>	<u>340,793</u>

A deferred tax asset of £600 has been recognised at 9 March 2002 (10 March 2001: nil). This asset relates to negative accelerated capital allowances. The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse.

**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

<b>8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Trade creditors	77,737	49,116
Amounts owed to group undertakings	78,807	17,228
Corporation tax	1,993	8,937
Other taxes and social security costs	111,207	138,833
Other creditors	-	1,033
Accruals and deferred income	27,792	20,997
Proposed dividend	7,180	7,180
	<u>304,716</u>	<u>243,324</u>

<b>9. CONVERTIBLE REDEEMABLE UNSECURED LOAN STOCK</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Convertible redeemable unsecured loan stock 2009:		
- convertible within one year	50,250	-
- convertible after more than one year	-	50,250
	<u>50,250</u>	<u>50,250</u>

On 5 July 2002 the unsecured loan stock was redeemed in exchange for ordinary shares in the company.

<b>10. CALLED UP SHARE CAPITAL</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<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>£</b>	<b>£</b>
<b>Allotted and fully paid</b>		
84,750 £1 'A' ordinary shares	84,750	84,750
5,000 £1 'B' ordinary shares	5,000	5,000
	<u>89,750</u>	<u>89,750</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

**10. CALLED UP SHARE CAPITAL (continued)**

**Rights attached to shares**

The holders of the £1 'A' ordinary shares and the £1 'B' ordinary shares are entitled to a dividend as decided by the Board. Thereafter, MITIE Group PLC, the holder of the £1 'A' ordinary shares, is entitled to one half of the company's annual profits available for distribution less the above amount already paid, together with any arrears of such cumulative dividends unpaid from any previous financial year.

Thereafter, the balance of profits available for distribution may be distributed amongst the holders of each class of share pari passu.

Both classes of shareholder have equal voting rights.

**11. PROFIT AND LOSS ACCOUNT**

	£
At 11 March 2001	22,473
Retained profit for the financial year	21,075
	<hr/>
At 9 March 2002	43,548
	<hr/>

**12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002 £	2001 £
Profit for the financial year	28,255	38,774
Dividends	(7,180)	(7,180)
	<hr/>	<hr/>
Net addition to shareholders' funds	21,075	31,594
Opening shareholders' funds	112,223	80,629
	<hr/>	<hr/>
Closing shareholders' funds	133,298	112,223
	<hr/>	<hr/>

**13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2002 £	2001 £
Operating profit	43,952	56,699
Depreciation charge	19,268	14,339
Loss on disposal of tangible fixed assets	95	-
Increase in debtors	(19,794)	(221,021)
Increase in creditors	65,052	154,499
	<hr/>	<hr/>
Net cash inflow from operating activities	108,573	4,516
	<hr/>	<hr/>



**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

**14. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS**

	At 11 March 2001 £	Cash flow £	Non-cash changes £	At 9 March 2002 £
Cash at bank and in hand	25,169	47,049	-	72,218
Debt due within one year	-	-	(50,250)	(50,250)
Debt due after more than one year	(50,250)	-	50,250	-
	<u>(25,081)</u>	<u>47,049</u>	<u>-</u>	<u>21,968</u>

**15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET FUNDS/(DEBT)**

	2002 £	2001 £
Increase/(decrease) in cash in the year	47,049	(14,711)
Increase in debt due after one year	-	(20,000)
Change in net debt resulting from cash flows	47,049	(34,711)
Net (debt)/funds at beginning of year	(25,081)	9,630
Net funds/(debt) at end of year	<u>21,968</u>	<u>(25,081)</u>

**16. FINANCIAL COMMITMENTS**

**Operating leases**

At 9 March 2002 the company had no annual commitments under non-cancellable operating leases (2001: nil).

**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 9 March 2002, the overall commitment was nil (2001: nil).

**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

**17. DIRECTORS**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
The emoluments of directors of the company were:		
Fees and other emoluments (including benefits-in-kind)	<u>59,490</u>	<u>55,940</u>
	<b>No.</b>	<b>No.</b>
The number of directors who were members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

Messrs D M Telling and I R Stewart are directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts. Messrs J Astley, S P Gardyne and A Hill are paid for their services by MITIE Olscot Limited.

Where the directors are remunerated by other 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 Olscot Security Services Limited and their services as directors of other group companies.

**18. EMPLOYEES**

**Number of employees**

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

	<b>2002</b>	<b>2001</b>
	<b>No.</b>	<b>No.</b>
Operatives	72	73
Administration and management	<u>4</u>	<u>4</u>
	<u>76</u>	<u>77</u>
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	1,094,891	876,998
Social security costs	87,778	70,294
Other pension costs	<u>2,638</u>	<u>2,553</u>
	<u>1,185,307</u>	<u>949,845</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 9 March 2002**

**19. RELATED PARTY TRANSACTIONS**

As a 94.42% owned subsidiary of MITIE Group PLC, MITIE Security (Scotland) Limited (formerly MITIE Olscot Security 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.

**20. PENSION ARRANGEMENTS**

For the purposes of FRS 17, the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme, the MITIE Group Pension Scheme, on a consistent and reasonable basis. Therefore, following full implementation of FRS 17, the company will account for contributions to the scheme as if it were a defined contribution scheme. At 9 March 2002, the valuation of the scheme for the purposes of FRS 17 showed a net pension liability as set out in note 25 of the report and accounts of MITIE Group PLC.

**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.

**DETAILED PROFIT AND LOSS ACCOUNT**  
**Year ended 9 March 2002**

	<b>2002</b> <b>£</b>	<b>2001</b> <b>£</b>
<b>TURNOVER</b>	1,686,805	1,188,855
<b>COST OF SALES</b>		
Labour	1,044,907	869,158
Materials and services	292,825	62,225
Travelling	17,902	11,823
Plant repairs	1,019	242
	(1,356,653)	(943,448)
<b>GROSS PROFIT</b>	330,152	245,407
<b>ADMINISTRATIVE EXPENSES</b>		
Management charges payable	58,618	39,011
Salaries, including directors' salaries	140,400	105,260
Insurance	10,168	681
Telephone	3,354	1,846
Postage, stationery and advertising	1,498	1,831
Entertaining	475	190
Repairs and renewals	12	717
Motor expenses and travel	12,733	8,666
Computer costs	4,044	3,138
Trade subscriptions	2,349	1,340
Education and training	12,430	1,414
Bank charges	2,819	2,212
Audit fee	2,100	2,750
Legal and professional	11,081	924
Sundry expenses	309	-
Hire of vehicles	811	3,056
Hire of plant and equipment	3,636	1,333
Depreciation	19,268	14,339
Profit on disposal of tangible fixed assets	95	-
	(286,200)	(188,708)
<b>OPERATING PROFIT</b>	43,952	56,699