

Company Registration Number 4221384

**Deloitte  
& Touche**

**MITIE INTERIORS LIMITED**

**Report and Financial Statements**

**31 March 2003**



**Deloitte & Touche  
Bristol**

**REPORT AND FINANCIAL STATEMENTS 2003**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
S O'Boyle  
M Quill  
W Robson  
I R Stewart

**SECRETARY**

C K Ross

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wroughton  
Bristol  
BS40 5SA

**BANKERS**

HSBC Bank plc  
49 Corn Street  
Bristol  
BS99 7PP

**AUDITORS**

Deloitte & Touche  
Bristol

## **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 March 2003.

### **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 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 commenced trading on 20 May 2002.

The principal activity of the company during the year was that of fit out and refurbishment of commercial and industrial property in the United Kingdom.

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 loss for the year after taxation amounted to £2,725 (2002: nil). The directors recommend that this amount be transferred from reserves. The directors do not propose the payment of a dividend.

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

The directors during the year were as follows:

D M Telling	
I R Stewart	
S O'Boyle	(appointed 31 May 2002)
M Quill	(appointed 31 May 2002)
W Robson	(appointed 31 May 2002)

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

	At 31 March 2003 £1 'B' ordinary shares No.	At 1 April 2002 £1 'B' Ordinary shares No.
S O'Boyle	60,000	-
M Quill	60,000	-

Messrs D M Telling, I R Stewart and W Robson 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 directors had an interest in the share capital of MITIE Group PLC or any other group company.

**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 2003 trade creditors, as a proportion of amounts invoiced from suppliers for the period, represented 42 days (2002: not applicable).

**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.

**DIRECTORS' REPORT (continued)**

**AUDITORS**

Deloitte & Touche were appointed auditors during the year.

Deloitte & Touche has informed the directors that they are intending to transfer their business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'C K Ross', with a horizontal line underneath.

**C K Ross**  
Secretary

2 July 2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MITIE INTERIORS LIMITED**

We have audited the financial statements of MITIE Interiors Limited for the year ended 31 March 2003 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 period and consider the implications for our report if we become aware of any apparent misstatements.

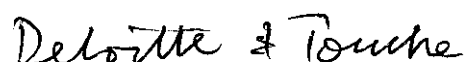
**Basis of audit opinion**

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

4 July 2003

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2003

	Notes	Continuing operations 2003 £	2002 £
<b>TURNOVER</b>	1	1,242,791	-
Cost of sales		(948,826)	-
<b>GROSS PROFIT</b>		293,965	-
Administrative expenses		(302,807)	-
<b>OPERATING LOSS</b>	2	(8,842)	-
Interest receivable	3	9,335	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		493	-
Tax on profit on ordinary activities	4	(3,218)	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE FINANCIAL YEAR</b>	11	(2,725)	-

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. Accordingly, no statement of total recognised gains and losses has been provided.

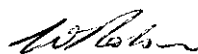


BALANCE SHEET  
At 31 March 2003

	Notes	£	2003	£	£	2002	£
<b>FIXED ASSETS</b>							
Tangible assets	6		22,293				-
<b>CURRENT ASSETS</b>							
Work in progress	7	85,237			-		
Debtors	8	335,794			1		
Cash at bank and in hand		491,006			-		
			912,037		1		
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>							
	9	(537,055)			-		
<b>NET CURRENT ASSETS</b>							
			374,982				1
<b>NET ASSETS</b>							
			397,275				1
<b>SHARE CAPITAL AND RESERVES</b>							
Called up share capital	10		400,000				1
Profit and loss account	11		(2,725)				-
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>							
	12		397,275				1

These financial statements were approved by the Board of Directors on 2 July 2003.

Signed on behalf of the Board of Directors



**W Robson**  
Director

**CASH FLOW STATEMENT**  
**Year ended 31 March 2003**

	<b>Notes</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Net cash inflow from operating activities</b>	13	103,644	-
<b>Returns on investments and servicing of finance</b>			
Interest received		8,416	-
<b>Taxation</b>			
UK corporation tax received		11,250	-
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(32,304)	-
<b>Financing</b>			
Issue of ordinary share capital		400,000	-
<b>Increase in cash in the year</b>	15	<u>491,006</u>	<u>-</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

## 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:

Leasehold improvements	3 to 5 years
Office equipment	3 to 10 years

**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**

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 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.

2. OPERATING LOSS is stated after charging:	2003 £	2002 £
Depreciation	10,011	-
Auditors' remuneration - audit services	900	-
Operating lease rentals – land and buildings	20,959	-
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

3.	INTEREST RECEIVABLE	2003 £	2002 £
	Bank interest	9,335	-

4.	TAX ON PROFIT ON ORDINARY ACTIVITIES	2003 £	2002 £
	(a) Analysis of charge in year		
	United Kingdom corporation tax at 30% (note 4(b))	3,799	-
	Deferred taxation:		
	Timing differences - origination and reversal	(581)	-
	<b>Tax on profit on ordinary activities</b>	<b>3,218</b>	<b>-</b>

## (b) Factors affecting tax charge in year

The tax assessed for the year differs that resulting from applying the standard rate of corporation tax in the UK of 30%. The differences are as follows:

	£	£
Profit on ordinary activities before tax	493	-
	£	£
Tax at 30% thereon	148	-
Expenses not deductible for tax purposes	3,070	-
Capital allowances in excess of depreciation	581	-
<b>Current tax charge for the year (note 4(a))</b>	<b>3,799</b>	<b>-</b>

## (c) Factors affecting future tax charges

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

## 5. DIVIDENDS

No dividend has been paid or proposed in the year (2002: nil).

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2003**6. TANGIBLE FIXED ASSETS**

<b>Summary</b>	<b>Leasehold improvements £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2002	-	-	-
Additions	22,448	9,856	32,304
	<hr/>	<hr/>	<hr/>
At 31 March 2003	22,448	9,856	32,304
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2002	-	-	-
Charge for the year	7,483	2,528	10,011
	<hr/>	<hr/>	<hr/>
At 31 March 2003	7,483	2,528	10,011
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 March 2003</b>	14,965	7,328	22,293
	<hr/>	<hr/>	<hr/>
At 31 March 2002	-	-	-
	<hr/>	<hr/>	<hr/>

**Capital commitments**

At 31 March 2003 the directors had authorised capital expenditure of nil (2002: nil).

**7. WORK IN PROGRESS**

	<b>2003 £</b>	<b>2002 £</b>
Work in progress	143,993	-
Payments received on account	(58,756)	-
	<hr/>	<hr/>
	85,237	-
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

8. DEBTORS	2003 £	2002 £
Trade debtors	248,084	-
Amounts owed by group undertakings	52,279	1
Prepayments and accrued income	34,850	-
Deferred tax asset	581	-
	<u>335,794</u>	<u>1</u>

A deferred tax asset of £581 has been recognised at 31 March 2003. 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. The amount credited to the profit and loss account in the year was £581 (2002: nil).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003 £	2002 £
Trade creditors	481,909	-
Corporation tax	15,049	-
Other taxes and social security costs	27,869	-
Accruals and deferred income	12,228	-
	<u>537,055</u>	<u>-</u>

10. CALLED UP SHARE CAPITAL	2003 £	2002 £
<b>Authorised</b>		
400,000 £1 'A' Ordinary shares (2002: 1,000 shares)	400,000	1,000
400,000 £1 'B' Ordinary shares (2002: nil)	400,000	-
	<u>800,000</u>	<u>1,000</u>
	£	£
<b>Allotted and fully paid</b>		
204,000 £1 'A' Ordinary shares (2002: one share)	204,000	1
196,000 £1 'B' Ordinary shares (2002: nil)	196,000	-
	<u>400,000</u>	<u>1</u>

203,999 £1 'A' ordinary shares and 196,000 £1 'B' ordinary shares were issued at par during the year to provide working capital.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

## 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 1 April 2002	-
Retained loss for the financial year	(2,725)
	<hr/>
At 31 March 2003	(2,725)
	<hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003 £	2002 £
Loss for the financial year	(2,725)	-
Issue of ordinary shares	399,999	1
	<hr/>	<hr/>
Net addition to shareholders' funds	397,274	1
Opening shareholders' funds	1	-
	<hr/>	<hr/>
Closing shareholders' funds	397,275	1
	<hr/>	<hr/>

13. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2003 £	2002 £
Operating loss	(8,842)	-
Depreciation charges	10,011	-
Increase in work in progress	(85,237)	-
Increase in debtors	(334,294)	-
Increase in creditors	522,006	-
	<hr/>	<hr/>
Net cash inflow from operating activities	103,644	-
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

## 14. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2002 £	Cash flow £	At 31 March 2003 £
Cash at bank and in hand	-	491,006	491,006

15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET FUNDS

	2003 £	2002 £
Increase in cash in the year	491,006	-
Net funds at beginning of year	-	-
Net funds at end of year	491,006	-

## 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 2003, the overall commitment was nil (2002: nil).

## Operating leases

At 31 March 2003 the company had annual commitments of £21,924 (2002: nil) under non-cancellable operating leases of land and buildings expiring within 2 to 5 years.

## 17. DIRECTORS

	2003 £	2002 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	124,667	-

No directors were members of a defined benefit pension scheme.

Messrs D M Telling and I R Stewart are also directors of MITIE Group PLC and their 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 Interiors Limited and their services as directors of other group companies.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2003****18. EMPLOYEES****Number of employees**

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

	2003 No.	2002 No.
Administration and management	4	-
	<hr/>	<hr/>
<b>Employment costs (including directors)</b>	<b>£</b>	<b>£</b>
Wages and salaries	173,294	-
Social security costs	19,607	-
	<hr/>	<hr/>
	192,901	-
	<hr/>	<hr/>

**19. RELATED PARTY TRANSACTIONS**

MITIE Group PLC is a 67% shareholder of MITIE Interiors Limited.

Management charges of £10,000 (2002: nil) were paid to MITIE Property Services (London) Limited.

During the year, the company supplied services to MITIE Business Services Limited totalling £67,057 (2002: nil).

During the year, the company supplied services to MITIE Engineering Services (Eastern) Limited totalling £192,493 (2002: nil) of which £44,493 (2002: nil) is included in debtors at the year end.

During the year, the company supplied services to MITIE Property Services (North West) Limited totalling £10,000 (2002: nil).

**20. PENSION ARRANGEMENTS**

For the purposes of Financial Reporting Standard 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 FRS17, the company will account for contributions to the scheme as if it were a defined contribution scheme. At 31 March 2003, the valuation of the scheme for the purposes of FRS17 showed a net pension liability as set out in the report and accounts of MITIE Group PLC.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2003**

**21. PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors consider MITIE Group PLC, a company registered in Scotland, to be 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.