

Mears Facility Management Limited
Financial statements
For the year ended 31 December 2003

Grant Thornton 



Company No. 04281028

Company information

Company registration number	04281028
Registered office	The Leaze Salter Street Berkeley Gloucestershire GL13 9DB
Directors	D J Robertson P S Taylor
Secretary	A C M Smith
Bankers	Barclays Bank plc 18 Southgate Street Gloucester Gloucestershire GL1 2DH
Solicitors	BPE St James's House St James' Square Cheltenham Gloucestershire GL50 3PR
Auditors	Grant Thornton Chartered Accountants Registered Auditors The Quadrangle Imperial Square CHELTENHAM GL50 1PZ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

Principal activities and business review

The principal activity of the company during the year was the provision of maintenance services.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

D J Robertson
P S Taylor

D J Robertson is the only director who is a director of the parent undertaking. His interests in the shares of the parent undertaking are disclosed in that company's financial statements.

No other director or their family had any interest in the shares of the company at 31 December 2003 or 1 January 2003.

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 at the end of the year and of the profit or loss for the year then ended. 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, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'A C M Smith', written over the printed text 'BY ORDER OF THE BOARD'.

A C M Smith
Secretary
29 March 2003

Report of the independent auditors to the members of Mears Facility Management Limited

We have audited the financial statements of Mears Facility Management Limited for the year ended 31 December 2003 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 affairs of the company as at 31 December 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Grant Thornton', is positioned above the printed name of the firm.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Cheltenham
29 March 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised): Cash Flow Statements from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods and services provided during the year, exclusive of Value Added Tax. Turnover includes revenue in respect of response work where the benefit of work completed to date has been transferred to the customer.

Fixed assets

All fixed assets are initially recorded at cost.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 25% reducing balance
Equipment	- 25% reducing balance

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of Work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Profit and loss account

	Note	Year to 31 Dec 03 £	Period from 4 Sep 01 to 31 Dec 02 £
Turnover	1	3,008,050	1,865,781
Cost of sales		(2,034,704)	(1,432,292)
Gross profit		973,346	433,489
Other operating charges	2	(1,133,088)	(829,788)
Operating loss	3	(159,742)	(396,299)
Interest payable	6	(20,570)	(6,551)
Loss on ordinary activities before taxation		(180,312)	(402,850)
Tax on loss on ordinary activities	7	—	—
Loss for the financial year		(180,312)	(402,850)
Balance brought forward		(402,850)	—
Balance carried forward		<u>(583,162)</u>	<u>(402,850)</u>

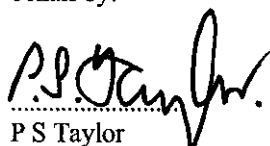
All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	8	<u>41,304</u>	<u>40,860</u>
Current assets			
Stocks	9	—	10,812
Debtors	10	<u>689,439</u>	<u>568,613</u>
Cash in hand		<u>400</u>	<u>400</u>
		<u>689,839</u>	<u>579,825</u>
Creditors: amounts falling due within one year	11	<u>1,114,305</u>	<u>823,535</u>
Net current liabilities		<u>(424,466)</u>	<u>(243,710)</u>
Total assets less current liabilities		<u>(383,162)</u>	<u>(202,850)</u>
Capital and reserves			
Called-up equity share capital	17	<u>200,000</u>	<u>200,000</u>
Profit and loss account		<u>(583,162)</u>	<u>(402,850)</u>
Deficiency	18	<u>(383,162)</u>	<u>(202,850)</u>

These financial statements were approved by the directors on 29 March 2004 and are signed on their behalf by:


P S Taylor

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	Year to 31 Dec 03 £	Period from 4 Sep 01 to 31 Dec 02 £
United Kingdom	<u>3,008,050</u>	<u>1,865,781</u>

2 Other operating income and charges

	Year to 31 Dec 03 £	Period from 4 Sep 01 to 31 Dec 02 £
Administrative expenses	<u>1,133,088</u>	<u>829,788</u>

3 Operating loss

Operating loss is stated after charging:

	Year to 31 Dec 03 £	Period from 4 Sep 01 to 31 Dec 02 £
Directors' emoluments	86,840	83,215
Depreciation of owned fixed assets	11,808	7,621
Auditors' remuneration:		
Audit fees	5,000	2,500
Non-audit services	1,250	875
Operating lease costs:		
Land and buildings	18,900	6,860
Plant and equipment	2,326	2,026
Vehicles	<u>151,353</u>	<u>113,119</u>

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	Year to 31 Dec 03 No	Period from 4 Sep 01 to 31 Dec 02 No
Number of administrative staff	18	9
Number of fitters	33	18
	<u>51</u>	<u>27</u>

The aggregate payroll costs of the above were:

	Year to 31 Dec 03 £	Period from 4 Sep 01 to 31 Dec 02 £
Wages and salaries	1,139,810	836,156
Social security costs	115,372	88,154
Other pension costs	29,718	15,354
	<u>1,284,900</u>	<u>939,664</u>

5 Directors

Remuneration in respect of directors was as follows:

	Year to 31 Dec 03 £	Period from 4 Sep 01 to 31 Dec 02 £
Emoluments receivable	86,840	83,215
Value of company pension contributions to money purchase schemes	5,879	6,800
	<u>92,719</u>	<u>90,015</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	Year to 31 Dec 03 No	Period from 4 Sep 01 to 31 Dec 02 No
Money purchase schemes	<u>1</u>	<u>1</u>

6 Interest payable and similar charges

	Year to 31 Dec 03 £	Period from 4 Sep 01 to 31 Dec 02 £
Interest payable on bank borrowing	<u>20,570</u>	<u>6,551</u>

7 Taxation on ordinary activities

There is no tax charge for the year ended 31 December 2003.

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	Year to 31 Dec 03 £	Period from 4 Sep 01 to 31 Dec 02 £
Loss on ordinary activities before taxation	<u>(180,312)</u>	<u>(402,850)</u>
Profit/(loss) on ordinary activities by rate of tax	<u>(54,094)</u>	<u>(120,855)</u>
Expenses not deductible for tax purposes	2,943	3,923
Depreciation in excess of capital allowances	—	(949)
Short term timing differences	—	1,035
Unrelieved tax losses	13	—
Utilisation of group tax losses	<u>51,138</u>	<u>116,846</u>
Total current tax	<u>—</u>	<u>—</u>

8 Tangible fixed assets

	Plant & Machinery £	Equipment £	Total £
Cost			
At 1 January 2003	6,889	41,592	48,481
Additions	<u>1,148</u>	<u>11,104</u>	<u>12,252</u>
At 31 December 2003	<u>8,037</u>	<u>52,696</u>	<u>60,733</u>
Depreciation			
At 1 January 2003	12	7,609	7,621
Charge for the year	<u>1,958</u>	<u>9,850</u>	<u>11,808</u>
At 31 December 2003	<u>1,970</u>	<u>17,459</u>	<u>19,429</u>
Net book value			
At 31 December 2003	<u>6,067</u>	<u>35,237</u>	<u>41,304</u>
At 31 December 2002	<u>6,877</u>	<u>33,983</u>	<u>40,860</u>

9 Stocks

	2003 £	2002 £
Work in progress	—	10,812

10 Debtors

	2003 £	2002 £
Trade debtors	539,882	426,284
Amounts recoverable on contracts	116,643	108,503
Prepayments and accrued income	32,914	33,826
	<u>689,439</u>	<u>568,613</u>

11 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	71,556	220,129
Trade creditors	228,545	388,420
Amounts owed to group undertakings	614,195	82,219
Other taxation and social security	104,920	75,885
Pension contributions	3,441	3,451
Accruals and deferred income	91,648	53,431
	<u>1,114,305</u>	<u>823,535</u>

The bank overdraft is secured by a fixed and floating charge over all the company's assets.

12 Pensions

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered in a fund independent from those of the company.

13 Leasing commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	14,894	—	—
Within 2 to 5 years	7,152	109,957	7,152	135,553
	<u>7,152</u>	<u>124,851</u>	<u>7,152</u>	<u>135,553</u>

14 **Contingent liabilities**

There were no contingent liabilities at 31 December 2003 and at 31 December 2002.

15 **Capital commitments**

There were no capital commitments at 31 December 2003 and at 31 December 2002.

16 **Related party transactions**

As a wholly owned subsidiary of Mears Group plc the company is exempt from the requirement of Financial Reporting Standard 8: Related Party Disclosures, to disclose transactions with other members of the group headed by Mears Group plc on the grounds that group accounts are publicly available.

17 **Share capital**

Authorised share capital:

	2003 £	2002 £
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

18 **Reconciliation of movements in shareholder's funds**

	2003 £	2002 £
Loss for the financial year	(180,312)	(402,850)
New equity share capital subscribed	—	200,000
Net reduction to funds	(180,312)	(202,850)
Opening shareholder's equity deficit	(202,850)	—
Closing shareholder's equity deficit	<u>(383,162)</u>	<u>(202,850)</u>

19 **Going concern**

Despite a deficit on reserves at 31 December 2003 of £383,162 the directors have prepared the financial statements on a going concern basis. The directors consider this to be appropriate as they have received confirmation from their parent undertaking, Mears Group plc, that it intends to continue to support the company to enable it to meet its day to day trading expenses for the foreseeable future.

20 **Ultimate parent company**

The directors consider that the ultimate parent undertaking and controlling related party of this company is its parent undertaking Mears Group plc by virtue of its 100% shareholding.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Mears Group plc. These accounts are available at the registered office of this company.