

**MITIE LINDSAY LIMITED**

**Report and Financial Statements**

**31 March 2001**

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



**REPORT AND FINANCIAL STATEMENTS 2001**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
J J Clifford  
B J Cloughley  
D G Lindsay  
A J Thomson

**SECRETARIES**

A F Waters  
M O Thomas (resigned 4 May 2000)  
C K Ross (appointed 4 May 2000)

**REGISTERED OFFICE**

Dovehill Farm  
180 Riverford Road  
Glasgow  
G43 2DE

**BANKERS**

Royal Bank of Scotland  
1 Moncrieff Street  
Paisley  
Glasgow  
PA3 2AW

**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 year ended 31 March 2001.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company's principal activities are industrial painting and joinery.

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

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £283,698 (2000: £338,942). An interim dividend was not paid during the year (2000: £2,000,030) and the directors do not propose the payment of a final dividend.

### **FIXED ASSETS**

Details of movements in fixed assets during the year are set out in Note 7 to the financial statements.

### **DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling	
J J Clifford	
B J Cloughley	
D G Lindsay	
A J Thomson	
A Wilkinson	(appointed 20 November 2000, resigned 1 June 2001)
D J L Hardie	(resigned 1 April 2000)

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

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

	At 31 March 2001 £1 Ordinary shares No.	At 1 April 2000 or date of appointment if later £1 Ordinary shares No.
B J Cloughley	261	261
D J L Hardie	261	261
D G Lindsay	1,637	1,637
A J Thomson	261	261

No other director held a beneficial interest in the shares of the company.

Messrs D M Telling and J J Clifford 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.

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

	At 31 March 2001 5p Ordinary shares No.	At 1 April 2000 5p Ordinary shares No.
D G Lindsay	55,000	75,000

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

**Share Options**

	At 1 April 2000	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2001
A J Thomson (i)	1,191	225	£3.00	-	-	-	-	1,416

(i) Options under the Savings Related Option Scheme

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

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made various charitable contributions totalling £2,154 (2000: £3,356).

**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 2001 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 95 (2000: 98) 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 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 stylized flourish at the end.

C K Ross  
Secretary

20 August 2001

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

### **MITIE LINDSAY LIMITED**

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on pages 9 and 10.

#### **Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

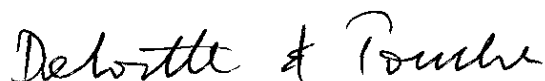
#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

20 August 2001

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

	Notes	Continuing operations 1 April 2000 to 31 March 2001 £	1 January 1999 to 31 March 2000 £
<b>TURNOVER</b>	2	11,549,970	14,636,582
Cost of sales		(8,236,772)	(10,589,561)
<b>GROSS PROFIT</b>		3,313,198	4,047,021
Administrative expenses		(2,950,255)	(3,496,141)
<b>OPERATING PROFIT</b>	3	362,943	550,880
Interest receivable	4	52,757	-
Interest payable	4	-	(3,451)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		415,700	547,429
Tax on profit on ordinary activities	5	(132,002)	(208,487)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	283,698	338,942
Transfer (to)/from reserves		(283,698)	1,661,088
<b>DIVIDENDS</b>	6	-	(2,000,030)

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

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
Year ended 31 March 2001

	1 April 2000 to 31 March 2001 £	1 January 1999 to 31 March 2000 £
Reported profit on ordinary activities before taxation	415,700	547,429
Realisation of property valuation gains of prior years	-	195,579
<b>Historical cost profit on ordinary activities before taxation</b>	415,700	743,008
<b>Historical cost profit/(loss) retained after taxation and dividends</b>	283,698	(1,465,509)



BALANCE SHEET  
At 31 March 2001

	Notes	2001		2000	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7	1,718,330		2,677,118	
Investments	8		3		3
		<u>1,718,333</u>		<u>2,677,121</u>	
<b>CURRENT ASSETS</b>					
Stock	9	1,192,662		471,252	
Debtors	10	2,906,163		3,382,625	
Cash at bank and in hand		397,190		23,166	
		<u>4,496,015</u>		<u>3,877,043</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(1,709,639)</u>		<u>(1,840,375)</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>2,786,376</u>		<u>2,036,668</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,504,709		4,713,789	
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12	(2,787,343)		(3,268,043)	
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(94,822)		(106,900)	
<b>NET ASSETS</b>		<u>1,622,544</u>		<u>1,338,846</u>	
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	6,522		6,522	
Capital redemption reserve		2,261		2,261	
Profit and loss account	15	1,613,761		1,330,063	
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>1,622,544</u>		<u>1,338,846</u>	

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

Signed on behalf of the Board of Directors



D M Telling  
Director

CASH FLOW STATEMENT  
Year ended 31 March 2001

	Notes	1 April 2000 to 31 March 2001 £	1 January 1999 to 31 March 2000 £
Net cash inflow from operating activities	16	535,351	957,168
<b>Returns on investments and servicing of finance</b>			
Interest received		43,757	-
Interest paid		-	(3,451)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		43,757	(3,451)
<b>Taxation</b>			
UK corporation tax paid		(109,766)	(816,429)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(764,898)	(1,766,118)
Receipts from disposal of tangible fixed assets		1,227,334	525,638
Payments to acquire investments		-	(1)
<b>Net cash inflow/(outflow) from capital expenditure</b>		462,436	(1,240,481)
<b>Equity dividends paid</b>		-	(2,000,030)
<b>Cash inflow/(outflow) before financing</b>		931,778	(3,103,223)
<b>Financing</b>			
Inter company loan		-	3,268,043
Shares issued		-	783
<b>Net inflow from financing</b>		-	3,268,826
<b>Increase in cash in the year</b>	18	931,778	165,603

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001****1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**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. 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 life, as follows:

Plant and machinery	up to 14 years
Motor vehicles	4 years

**Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

**Stocks**

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

**Long-term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is included on a prudent basis to reflect the proportion of the work carried out at the period end, by recording turnover and related costs (as defined in stocks above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on all contracts in the period in which they are first foreseen.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001****1. ACCOUNTING POLICIES (continued)****Deferred taxation**

Provision is made for deferred taxation using the liability method in respect of timing differences to the extent that liabilities will crystallise in the foreseeable future.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

**Leasing commitments**

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

**Pension costs**

Pension costs represent amounts paid to one of the group's pension schemes. Details of schemes are given in the financial statements of MITIE Group PLC.

**2. TURNOVER**

Turnover which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the period, including estimates in respect of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for the contract.

Turnover is attributable to the continuing activity of contracting services. An analysis of turnover by geographical market is given below:

	<b>1 April 2000 to 31 March 2001 £</b>	<b>1 January 1999 to 31 March 2000 £</b>
United Kingdom	11,549,970	14,399,635
Rest of the World	-	236,947
	<u>11,549,970</u>	<u>14,636,582</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001**

<b>3. OPERATING PROFIT</b> is stated after charging/(crediting):	<b>1 April 2000 to 31 March 2001 £</b>	<b>1 January 1999 to 31 March 2000 £</b>
Depreciation	522,539	912,304
(Profit)/loss on disposal of tangible fixed assets	(26,187)	28,582
Auditors' remuneration:		
- audit services	4,000	4,000
- non-audit services	2,210	4,950
Hire of plant and equipment	526,654	706,228
Rentals under other operating leases	143,000	127,000
	<u>          </u>	<u>          </u>
<b>4. INTEREST</b>	<b>1 April 2000 to 31 March 2001 £</b>	<b>1 January 1999 to 31 March 2000 £</b>
Interest receivable	£	£
Bank deposits	52,757	-
	<u>          </u>	<u>          </u>
Interest payable	£	£
Bank loans and overdrafts	-	3,451
	<u>          </u>	<u>          </u>
<b>5. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>1 April 2000 to 31 March 2001 £</b>	<b>1 January 1999 to 31 March 2000 £</b>
<b>UK current period taxation</b>		
UK corporation tax at 30% (2000: 30%)	141,953	203,587
Transfer to deferred taxation	(12,078)	4,900
	<u>          </u>	<u>          </u>
	129,875	208,487
<b>Adjustment in respect of prior year</b>		
UK corporation tax	2,127	-
	<u>          </u>	<u>          </u>
	132,002	208,487
	<u>          </u>	<u>          </u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2001

## 6. DIVIDENDS

	1 April 2000 to 31 March 2001 £	1 January 1999 to 31 March 2000 £
Ordinary:		
Interim paid of nil (2000: £306.66) per share	-	2,000,030

## 7. TANGIBLE FIXED ASSETS

## Summary

	Plant and machinery, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 April 2000	4,070,645	1,141,828	5,212,473
Additions	683,864	68,585	752,449
Transfers in	5,538	10,550	16,088
Transfers out	(1,282,237)	-	(1,282,237)
Disposals	-	(207,786)	(207,786)
At 31 March 2001	3,477,810	1,013,177	4,490,987
<b>Depreciation</b>			
At 1 April 2000	1,768,723	766,632	2,535,355
Charge for the year	338,069	184,470	522,539
Transfers in	1,002	2,637	3,639
Transfers out	(94,876)	-	(94,876)
Disposals	-	(194,000)	(194,000)
At 31 March 2001	2,012,918	759,739	2,772,657
<b>Net book value</b>			
At 31 March 2001	1,464,892	253,438	1,718,330
At 31 March 2000	2,301,922	375,196	2,677,118

## Capital commitments

At 31 March 2001 the directors had contracted commitments for future capital expenditure of nil (2000: nil).

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001****8. INVESTMENTS**

<b>Cost</b>	<b>£</b>
At 1 April 2000 and 31 March 2001	<u>3</u>

The following investments exist at 31 March 2001:

	<b>Number of ordinary shares</b>	<b>Proportion of share capital held %</b>
Ablyn Limited (dormant)	2	100
Subsurface Technology Limited (dormant)	1	50

These companies are incorporated in England and Wales.

The company has taken advantage of Section 228 of the Companies Act 1985 and therefore no consolidated financial statements have been prepared.

These financial statements therefore present information about the company alone. Consolidated group accounts have been prepared by the ultimate parent company, MITIE Group PLC.

The directors consider that in their opinion the aggregate value of the shares in, and amounts owed by the subsidiary is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

**9. STOCKS**

	<b>2001 £</b>	<b>2000 £</b>
Raw materials and consumables	258,177	198,252
Work in progress	934,485	273,000
	<u>1,192,662</u>	<u>471,252</u>

There is no material difference between the replacement costs of stocks and the amounts as stated above.

**10. DEBTORS**

	<b>2001 £</b>	<b>2000 £</b>
Trade debtors	2,049,277	2,510,671
Amounts owed by group undertakings	187,667	186,825
Advance corporation tax recoverable	480,700	500,008
Other debtors	188,519	185,121
	<u>2,906,163</u>	<u>3,382,625</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001**

<b>11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank overdraft	-	557,754
Trade creditors	587,133	754,406
Amounts owed to group undertakings	502,361	51,409
Corporation tax	117,193	102,187
Other taxation and social security	180,535	201,655
Other creditors	40,000	74,302
Accruals and deferred income	282,417	98,662
	<u>1,709,639</u>	<u>1,840,375</u>
<b>12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Amounts owed to parent company	<u>2,787,343</u>	<u>3,268,043</u>
<b>13. PROVISION FOR LIABILITIES AND CHARGES</b>	<b>£</b>	
At 1 April 2000	106,900	
Profit and loss account	(12,078)	
<b>At 31 March 2001</b>	<u>94,822</u>	
The amounts of deferred tax provided in the financial statements are:	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Capital allowances in excess of depreciation	<u>94,822</u>	<u>106,900</u>
<b>14. CALLED UP SHARE CAPITAL</b>	<b>2001 and 2000</b>	
	<b>No.</b>	<b>£</b>
<b>Authorised</b>		
£1 Ordinary shares	<u>15,000</u>	<u>15,000</u>
	<b>No.</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
£1 Ordinary shares	<u>6,522</u>	<u>6,522</u>



NOTES TO THE ACCOUNTS  
Year ended 31 March 200115. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
AND MOVEMENT ON RESERVES

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2000	6,522	2,261	1,330,063	1,338,846
Profit for the year	-	-	283,698	283,698
At 31 March 2001	<u>6,522</u>	<u>2,261</u>	<u>1,613,761</u>	<u>1,622,544</u>

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES

	1 April 2000 to 31 March 2001 £	1 January 1999 to 31 March 2000 £
Operating profit	362,943	550,880
Depreciation	522,539	912,304
(Profit)/loss on disposal of fixed assets	(26,187)	28,582
Increase in stocks	(721,410)	(216,895)
Decrease/(increase) in debtors	466,154	(511,222)
(Decrease)/increase in creditors	(68,688)	193,519
Net cash inflow from continuing operating activities	<u>535,351</u>	<u>957,168</u>

## 17. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2000 £	Cash flows £	At 31 March 2001 £
Cash at bank and in hand	1,203	395,987	397,190
Overdrafts	(535,791)	535,791	-
	<u>(534,588)</u>	<u>931,778</u>	<u>397,190</u>
Debt due after one year	(3,268,043)	-	(3,268,043)
	<u>(3,802,631)</u>	<u>931,778</u>	<u>(2,870,853)</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001****18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT**

	2001 £	2000 £
Increase in cash in the year	931,778	165,603
Cash inflow from increase in debt financing	-	(3,268,043)
Movement in net funds/(debt) in the year	931,778	(3,102,440)
Net debt at the beginning of year	(3,802,631)	(700,191)
<b>Net debt at end of year</b>	<b>(2,870,853)</b>	<b>(3,802,631)</b>

**19. PENSION COMMITMENTS**

The company operates two defined contribution schemes for its directors and employees. The assets of both schemes are held separately from those of the company in independently administered funds. The amount of contributions made in the year were £67,474 (2000: £113,892) and the balance outstanding at the year end was nil (2000: nil).

**20. FINANCIAL COMMITMENTS****Operating leases**

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date - within one year	19,500	-	-	637
- between two and five years	40,000	3,373	31,000	3,373
- in over five years	96,000	648	129,500	-
	<u>155,500</u>	<u>4,021</u>	<u>160,500</u>	<u>4,010</u>

**21. CONTINGENT LIABILITIES****Commitments on behalf of group undertakings**

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts. As at 31 March 2001, the overall commitment was nil (2000: nil).

There are contingent liabilities arising in the ordinary course of business relating to performance bonds outstanding but in the opinion of the directors no provision is required.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2001

## 22. DIRECTORS

	1 April 2000 to 31 March 2001 £	1 January 1999 to 31 March 2000 £
Emoluments	390,017	449,659
Payments to defined contribution pension schemes	17,454	50,157
	<u>407,471</u>	<u>499,816</u>
	No.	No.
Number of directors who were members of a defined contribution pension scheme	<u>4</u>	<u>5</u>
The amounts in respect of the highest paid director are as follows:	£	£
Emoluments	<u>106,670</u>	<u>115,500</u>
	£	£
Payments to defined contribution pension schemes	<u>5,438</u>	<u>17,704</u>

## 23. EMPLOYEES

	1 April 2000 to 31 March 2001 No.	1 January 1999 to 31 March 2000 No.
Number of employees		
The average weekly number of employees during the year was as follows:		
Production staff	256	256
Management and administration staff	33	28
	<u>289</u>	<u>284</u>
Employment costs	£	£
Wages and salaries	6,007,730	6,974,236
Social security costs	557,930	641,163
Other pension costs	67,474	113,892
	<u>6,633,134</u>	<u>7,729,291</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001****24. RELATED PARTY TRANSACTIONS**

MITIE Group PLC is the holder of 4,102 ordinary shares and is a 62.9% shareholder in MITIE Lindsay Limited.

During the year the company received plant hire services of £308,419 (2000: £463,887) from companies within MITIE group on normal commercial terms. At the end of the year there was an amount of £21,661 (2000: £51,409) owed to group undertakings in respect of the above services. Tangible fixed assets of £1,187,361 (2000: £248,665) were transferred at net book value to MITIE Hydrocat Limited, a company in the MITIE group. Tangible fixed assets of a net book value of £12,449 (2000: nil) were transferred from MITIE Hydrocat Limited during the year.

During the year the company paid management charges of £133,597 (2000: £99,996) to MITIE Group PLC and received management charges of £50,400 from MITIE Hydrocat Limited.

At the year end £480,700 was due to MITIE Group PLC in respect of group relief.

**25. PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking and controlling party. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001**

	<b>1 April 2000 to 31 March 2001 £</b>	<b>1 January 1999 to 31 March 2000 £</b>
<b>TURNOVER</b>	11,549,970	14,636,582
Cost of sales	(8,236,772)	(10,589,561)
<b>GROSS PROFIT</b>	<u>3,313,198</u>	<u>4,047,021</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Management charges payable	133,597	99,996
Salaries, including directors' salaries	1,269,401	1,373,290
Rent and rates	237,436	155,177
Light and heat	38,186	12,778
Insurance	82,859	143,121
Telephone	61,312	55,076
Postage, stationery and advertising	28,132	23,904
Entertaining	17,851	23,466
Repairs and renewals	39,738	6,032
Motor expenses	388,637	530,799
Computer services	17,792	15,202
Education and training	36,325	43,182
Bank charges	13,644	4,216
Audit fee and accountancy	6,210	8,950
Legal and professional	45,178	17,770
Sundry expenses	88,005	51,296
Depreciation	522,539	912,304
(Profit)/loss on disposal of tangible fixed assets	(26,187)	28,582
	<u>(3,000,655)</u>	<u>(3,505,141)</u>
Management charges receivable	50,400	9,000
	<u>(2,950,255)</u>	<u>(3,496,141)</u>
<b>OPERATING PROFIT</b>	<u>362,943</u>	<u>550,880</u>