

**MITIE LINDSAY LIMITED**  
(formerly The Lindsay Group Limited)

**Report and Financial Statements**

**For the period from 1 January 1999 to 31 March 2000**

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



**REPORT AND FINANCIAL STATEMENTS 2000**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
J J Clifford  
B J Cloughley  
D J L Hardie  
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 period from 1 January 1999 to 31 March 2000.

On 12 May 1999 The Lindsay Group Limited changed its name to MITIE Lindsay Limited.

## **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. 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 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 period after taxation amounted to £338,942 (31 December 1998: £692,681). An interim dividend of £2,000,030 (31 December 1998: £37,800) was paid in the period 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 period were as follows:

D M Telling	(appointed 31 March 1999)
J J Clifford	(appointed 31 March 1999)
B J Cloughley	
D J L Hardie	
D G Lindsay	
A J Thomson	
Mrs P E Lindsay	(resigned 18 February 1999)

**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:

	<b>At 31 March 2000</b> <b>£1 Ordinary shares</b> <b>No.</b>	<b>At 1 January 1999</b> <b>£1 Ordinary shares</b> <b>No.</b>
B J Cloughley	261	-
D J L Hardie	261	-
D G Lindsay	1,637	5,439
A J Thomson	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:

	<b>At 31 March 2000</b> <b>5p Ordinary shares</b> <b>No.</b>	<b>At 1 January 1999 or</b> <b>date of appointment</b> <b>5p Ordinary shares</b> <b>No.</b>
D G Lindsay	75,000	25,000

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

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the period the company made various charitable contributions totalling £3,356 (1998: £4,500).

**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 2000 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 98 (1999: 97) 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.

**YEAR 2000**

The year 2000 project completed all critical milestones well within the project timescale and all the primary business systems have completed both the millennium rollover and leap year rollover without any issues. Although these critical dates have been successfully passed, the Executive Steering Committee is not being complacent in considering the possible impact from latent problems outside the control of MITIE.

We have made considerable effort in determining the compliance of critical players in our suppliers/customer chain and are confident of continued trouble free operation.

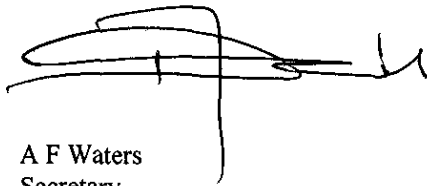
The year 2000 project team will remain operational, with suitable contingency plans, until it is considered that sufficient time has passed for all possible external issues to be identified and resolved.

**DIRECTORS' REPORT (continued)**

**AUDITORS**

During the period Ernst & Young resigned as auditors of the company and Deloitte & Touche were appointed in their place. 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 'A F Waters', written over a horizontal line.

A F Waters  
Secretary

11 August 2000

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

### **MITIE LINDSAY LIMITED (formerly The Lindsay Group Limited)**

We have audited the financial statements on pages 6 to 20 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 2000 and of its profit for the period from 1 January 1999 to 31 March 2000 then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

30 November 2000

**PROFIT AND LOSS ACCOUNT**

For the period from 1 January 1999 to 31 March 2000

		1 January 1999 to 31 March 2000 £	Continuing operations 1 January 1998 to 31 December 1998 £
	Notes		
<b>TURNOVER</b>	2	14,636,582	10,795,169
Cost of sales		(10,589,561)	(7,373,715)
<b>GROSS PROFIT</b>		4,047,021	3,421,454
Administrative expenses		(3,496,141)	(2,454,173)
<b>OPERATING PROFIT</b>	3	550,880	967,281
Interest receivable		-	24,476
Interest payable	4	(3,451)	(567)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		547,429	991,190
Tax on profit on ordinary activities	5	(208,487)	(298,509)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	338,942	692,681
Transfer from/(to) reserves		1,661,088	(654,881)
<b>DIVIDENDS</b>	6	(2,000,030)	(37,800)

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

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

For the period from 1 January 1999 to 31 March 2000

	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
Reported profit on ordinary activities before taxation	547,429	991,190
Realisation of property valuation gains of prior years	195,579	-
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	4,267
<b>Historical cost profit on ordinary activities before taxation</b>	743,008	995,457
<b>Historical cost (loss)/profit retained after taxation and dividends</b>	(1,465,509)	659,148



**BALANCE SHEET**  
**At 31 March 2000**

	Notes	At 31 March 2000		At 31 December 1998	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		2,677,118		2,377,526
Investments	8		3		2
			<u>2,677,121</u>		<u>2,377,528</u>
<b>CURRENT ASSETS</b>					
Stock	9	471,252		254,357	
Debtors	10	3,382,625		2,371,395	
Cash at bank and in hand		23,166		118,270	
		<u>3,877,043</u>		<u>2,744,022</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(1,840,375)</u>		<u>(2,020,399)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,036,668</u>		<u>723,623</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,713,789		3,101,151
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12		(3,268,043)		-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13		<u>(106,900)</u>		<u>(102,000)</u>
<b>NET ASSETS</b>			<u>1,338,846</u>		<u>2,999,151</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		6,522		5,739
Revaluation reserve			-		195,579
Capital redemption reserve			2,261		2,261
Profit and loss account	15		1,330,063		2,795,572
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			<u>1,338,846</u>		<u>2,999,151</u>

These financial statements were approved by the Board of Directors on 11 August 2000.

Signed on behalf of the Board of Directors



D M Telling  
Director

**CASH FLOW STATEMENT**

For the period from 1 January 1999 to 31 March 2000

	Notes	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
Net cash inflow from operating activities	16	957,168	816,873
<b>Returns on investments and servicing of finance</b>			
Interest received		-	24,476
Interest paid		(3,451)	(567)
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>		(3,451)	23,909
<b>Taxation</b>			
UK corporation tax paid		(816,429)	(336,133)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(1,766,118)	(585,857)
Receipts from disposal of tangible fixed assets		525,638	51,687
Payments to acquire investments		(1)	(1)
<b>Net cash outflow from capital expenditure</b>		(1,240,481)	(534,171)
<b>Equity dividends paid</b>		(2,000,030)	(75,600)
<b>Cash outflow before financing</b>		(3,103,223)	(105,122)
<b>Financing</b>			
Inter company loan		3,268,043	-
Purchase of own shares		-	(614,428)
Shares issued		783	-
<b>Net inflow/(outflow) from financing</b>		3,268,826	(614,428)
<b>Increase/(decrease) in cash in the period</b>	18	165,603	(719,550)

**NOTES TO THE ACCOUNTS**

**For the period from 1 January 1999 to 31 March 2000**

**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 modified to include the revaluation of freehold land and buildings.

**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.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation. The directors have changed the method of depreciation from a reducing balance method to a straight-line method. This was done in order to bring the company's depreciation policy into line with MITIE Group PLC.

The financial effect of this change, is that the depreciation charge in the period is £379,000 higher using the new method than under the previous method.

Depreciation is now 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.

**NOTES TO THE ACCOUNTS**  
**For the period from 1 January 1999 to 31 March 2000**

**1. ACCOUNTING POLICIES (continued)**

**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.

**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 and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets at the estimated net present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract.

Rentals paid under other leases (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.

**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

**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:

	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
United Kingdom	14,399,635	10,777,919
Rest of the World	236,947	17,250
	<u>14,636,582</u>	<u>10,795,169</u>

**3. OPERATING PROFIT** is stated after charging:

	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
Depreciation - owned assets	912,304	481,205
Loss on disposal of tangible fixed assets	28,582	3,635
Auditors' remuneration:		
- audit services	4,000	9,000
- non-audit services	4,950	18,773
Hire of plant and equipment	706,228	1,048,543
Rental of land and buildings	127,000	91,846
	<u></u>	<u></u>

**4. INTEREST PAYABLE**

	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
Bank loans and overdrafts	<u>3,451</u>	<u>567</u>

**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
<b>UK current period taxation</b>		
UK corporation tax at 30% (1998: 31%)	203,587	233,921
Transfer to deferred taxation	4,900	64,768
	<hr/> 208,487	<hr/> 298,689
<b>Adjustment in respect of prior periods</b>		
UK corporation tax	-	(2,212)
Deferred tax	-	2,032
	<hr/> 208,487	<hr/> 298,509
	<hr/> <hr/>	<hr/> <hr/>

The tax charge is disproportionately high due to timing differences.

**6. DIVIDENDS**

	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
Ordinary:		
Interim paid of £248.61 (31 December 1998: £6.59) per share	1,426,772	37,800
Interim paid of £732.13 per share	573,258	-
	<hr/> 2,000,030	<hr/> 37,800
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

**7. TANGIBLE FIXED ASSETS**

Summary	Land and buildings £	Plant and machinery, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 1999	386,400	3,436,231	1,236,117	5,058,748
Additions	-	1,214,720	302,733	1,517,453
Transfers in	-	237,282	11,383	248,665
Transfers out	-	(53,277)	(28,550)	(81,777)
Disposals	(386,400)	(764,361)	(379,855)	(1,530,616)
At 31 March 2000	-	4,070,645	1,141,828	5,212,473
<b>Depreciation</b>				
At 1 January 1999	66,114	1,884,702	730,406	2,681,222
Charge for the period	-	546,742	365,562	912,304
Transfers out	-	(5,278)	(3,633)	(8,911)
Disposals	(66,114)	(657,443)	(325,703)	(1,049,262)
At 31 March 2000	-	1,768,723	766,632	2,535,355
<b>Net book value</b>				
At 31 March 2000	-	2,301,922	375,196	2,677,118
At 31 December 1998	320,286	1,551,529	505,711	2,377,526

On 18 February 1999 the company's heritable property was sold to The Lindsay Group Self Administered Retirement Benefits Scheme.

**Capital commitments**

At 31 March 2000 the directors had contracted commitments for future capital expenditure of nil (31 December 1998: £450,000).

**8. INVESTMENTS**

	£
<b>Cost</b>	
At 1 January 1999	2
Additions	1
At 31 March 2000	3

**NOTES TO THE ACCOUNTS**  
**For the period from 1 January 1999 to 31 March 2000**

**8. INVESTMENTS (continued)**

The following investments exist at 31 March 2000:

	Number of shares	Proportion of share capital held %
Ablyn Limited (dormant)	2	100
Sub Surface Technologies 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**

	At 31 March 2000 £	At 31 December 1998 £
Raw materials and consumables	198,252	147,999
Work in progress	273,000	106,358
	<u>471,252</u>	<u>254,357</u>

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

**10. DEBTORS**

	At 31 March 2000 £	At 31 December 1998 £
Trade debtors	2,510,671	2,258,056
Amounts owed by group undertakings	186,825	-
Advance corporation tax recoverable	500,008	-
Other debtors	185,121	113,339
	<u>3,382,625</u>	<u>2,371,395</u>



**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

<b>11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>At 31 March 2000 £</b>	<b>At 31 December 1998 £</b>
Bank overdraft	557,754	818,461
Trade creditors	754,406	509,340
Amounts owed to group undertakings	51,409	-
Corporation tax	102,187	215,021
Other taxes and social security costs	201,655	127,274
Other creditors	74,302	185,732
Accruals and deferred income	98,662	164,571
	<u>1,840,375</u>	<u>2,020,399</u>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>At 31 March 2000 £</b>	<b>At 31 December 1998 £</b>
Amounts owed to parent company	<u>3,268,043</u>	<u>-</u>

The above loan is interest free and the parent company has agreed not to ask for repayment until after 31 March 2001.

**13. DEFERRED TAXATION**

	<b>Potential and provided At 31 March 2000 £</b>	<b>At 31 December 1998 £</b>
Deferred taxation is made up as follows:		
Capital allowances in advance of depreciation	112,900	108,000
Other timing differences	(6,000)	(6,000)
	<u>106,900</u>	<u>102,000</u>
Movements on the provision for deferred taxation are:	<b>£</b>	
At 1 January 1999	102,000	
Transferred from profit and loss account	4,900	
<b>At 31 March 2000</b>	<u>106,900</u>	

**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

**14. CALLED UP SHARE CAPITAL**

	1999 and 2000	
	No.	£
Authorised £1 Ordinary shares	15,000	15,000
	<u>          </u>	<u>          </u>
	At 31 March 2000	At 31 December 1998
	£	£
Allotted, called up and fully paid £1 Ordinary shares	6,522	5,739
	<u>          </u>	<u>          </u>

On 18 February 1999 783 shares of £1 each were issued at £1 per share, in order to provide working capital for the company.

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
AND MOVEMENT ON RESERVES**

	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 1998	6,300	199,846	1,700	2,750,852	2,958,698
Profit for the period	-	-	-	692,681	692,681
Dividends	-	-	-	(37,800)	(37,800)
Transfer of amount equivalent to additional depreciation on revalued assets	-	(4,267)	-	4,267	-
Purchase of own shares:					
- consideration paid	-	-	-	(614,428)	(614,428)
- shares cancelled	(561)	-	561	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 1 January 1999	5,739	195,579	2,261	2,795,572	2,999,151
Profit for the period	-	-	-	338,942	338,942
Dividends	-	-	-	(2,000,030)	(2,000,030)
Transfer of realised revaluation reserve	-	(195,579)	-	195,579	-
Shares issued	783	-	-	-	783
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2000	6,522	-	2,261	1,330,063	1,338,846
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

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

	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
Operating profit	550,880	967,281
Depreciation	912,304	481,205
Loss on disposal of fixed assets	28,582	3,635
Increase in stocks	(216,895)	(15,501)
Increase in debtors	(511,222)	(584,348)
Increase/(decrease) in creditors	193,519	(35,399)
<b>Net cash inflow from continuing operating activities</b>	<b>957,168</b>	<b>816,873</b>

**17. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 January 1999 £	Cash flows £	At 31 March 2000 £
Cash at bank and in hand	118,270	(95,104)	23,166
Overdrafts	(818,461)	260,707	(557,754)
	(700,191)	165,603	(534,588)
Debt due after one year	-	(3,268,043)	(3,268,043)
	(700,191)	(3,102,440)	(3,802,631)

**18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT**

	1 January 1999 to 31 March 2000 £	1 January 1998 to 31 December 1998 £
Increase/(decrease) in cash in the period	165,603	(719,550)
Cash inflow from increase in debt financing	(3,268,043)	-
Movement in net debt in the year	(3,102,440)	(719,550)
Net (debt)/funds at 1 January	(700,191)	19,359
<b>Net debt at 31 December</b>	<b>(3,802,631)</b>	<b>(700,191)</b>

**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

**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 outstanding at the period end was nil (31 December 1998: £6,171).

**20. FINANCIAL COMMITMENTS**

**Operating leases**

At 31 March 2000 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>At 31 March 2000 £</b>	<b>Other At 31 December 1998 £</b>
	<b>At 31 March 2000 £</b>	<b>At 31 December 1998 £</b>		
Expiry date - within one year	-	-	637	-
- between two and five years	31,000	118,000	3,373	5,260
- in over five years	129,500	-	-	-
	<u>160,500</u>	<u>118,000</u>	<u>4,010</u>	<u>5,160</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 2000, the overall commitment was 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.

**22. DIRECTORS**

	<b>1 January 1999 to 31 March 2000 £</b>	<b>1 January 1998 to 31 December 1998 £</b>
Emoluments	449,659	630,591
Payments to defined contribution pension schemes	50,157	240,000
	<u>499,816</u>	<u>870,591</u>

**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

**22. DIRECTORS (continued)**

	<b>1 January 1999 to 31 March 2000 No.</b>	<b>1 January 1998 to 31 December 1998 No.</b>
Number of directors who were members of a defined contribution pension scheme	<u>5</u>	<u>5</u>
The amounts in respect of the highest paid director are as follows:	<b>£</b>	<b>£</b>
Emoluments	<u>115,500</u>	<u>248,809</u>
	<b>£</b>	<b>£</b>
Payments to defined contribution pension schemes	<u>17,704</u>	<u>99,000</u>

**23. EMPLOYEES**

	<b>1 January 1999 to 31 March 2000 No.</b>	<b>1 January 1998 to 31 December 1998 No.</b>
Number of employees		
The average weekly number of employees during the period was as follows:	<b>No.</b>	<b>No.</b>
Production staff	256	231
Management and administration staff	28	26
	<u>284</u>	<u>257</u>
Employment costs	<b>£</b>	<b>£</b>
Wages and salaries	6,974,236	4,924,272
Social security costs	641,163	453,249
Other pension costs	113,892	277,786
	<u>7,729,291</u>	<u>5,655,307</u>

**NOTES TO THE ACCOUNTS**

For the period from 1 January 1999 to 31 March 2000

**24. TRANSACTIONS WITH DIRECTORS**

Included in other debtors (Note 10) last year is a loan to a director, Mr D G Lindsay. This was repaid during the period.

	£
Amount outstanding at 1 January 1999	30,000
Amount repaid during the period	(30,000)
	<hr/>
<b>Amount outstanding at 31 March 2000</b>	<b>-</b>
	<hr/>

The maximum amount outstanding during the year was £30,000 (31 December 1998: £30,000).

**25. RELATED PARTY TRANSACTIONS**

On 18 February 1999 the company sold its heritable property for £350,000 to The Lindsay Self Administered Retirement Scheme, making a profit of £29,714. The trustees of the scheme who were also directors of this company are:

B J Cloughley  
D J L Hardie  
D G Lindsay  
Mrs P E Lindsay  
A J Thomson

As noted in Note 8, during the year the company acquired the outstanding 50% of the share capital of Ablyn Limited. Messrs D G Lindsay and A J Thomson are also directors of this company.

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 £463,887 from companies within MITIE group on normal commercial terms. At the end of the year there was an amount of £51,409 owed to group undertakings in respect of the above services. Tangible fixed assets of £248,665 were transferred at net book value from MITIE Generation Limited, and £72,866 were transferred to MITIE Hydrocat Limited, other companies in the MITIE group. During the year the company paid management charges of £99,996 to MITIE Group PLC.

**26. 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.