



OLSCOT LIMITED

Report and Financial Statements

16 March 1996

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





REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Astley
P J Fleming-Brown
L R McBean
D J Robertson
I R Stewart
D M Telling
J R Maxwell MacDonald
J A J MacLeod
D W M Reynolds

SECRETARIES

A F Waters
M O Thomas

REGISTERED OFFICE

Dovehill Farm
180 Riverford Road
Glasgow
G43 2DE

BANKERS

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

AUDITORS

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

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 16 March 1996.

The financial statements have been made up to 16 March 1996, being a date not more than seven days after the accounting reference date as permitted by Section 223 of the Companies Act 1985.

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 ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the year remained the provision of cleaning services to industrial and commercial clients and building maintenance.

The company acquired the business of MITIE Cleaning (Scotland) Limited, a fellow subsidiary undertaking, on 19 March 1995.

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 year after taxation amounted to £714,406 (1995: £344,210). The directors recommend that this be dealt with as follows:

	£
Ordinary dividends	
- Final proposed 74.6p per share	373,000
Transfer to reserves	341,406
	<hr/>
	714,406

FIXED ASSETS

Details of movements in fixed assets during the year are set out in Note 6 to the financial statements.

DIRECTORS' REPORT (continued)

DIRECTORS

The directors during the year were as follows:

J Astley
 P J Fleming-Brown
 L R McBean
 D J Robertson
 I R Stewart
 D M Telling
 J R Maxwell MacDonald
 J A J MacLeod
 D W M Reynolds (appointed 1 September 1995)

No director held a beneficial interest in the share capital of the company.

Messrs D M Telling and I R Stewart are directors of MITIE Group PLC, the parent undertaking, and their interests in the share capital of that company are shown in the financial statements of MITIE Group PLC.

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

	16 March 1996 25p Ordinary shares Number	19 March 1995 25p Ordinary shares Number
J Astley	94,244	94,244
P J Fleming-Brown	200,000	200,000
D J Robertson	5,700	-

No other director held a beneficial interest in the share capital of MITIE Group PLC.

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.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. 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 F Waters
 Secretary

14 August 1996



Chartered Accountants

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

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AUDITORS' REPORT TO THE MEMBERS OF

OLSCOT LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. 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 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 16 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

19 August 1996

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 16 March 1996

	Notes	Continuing operations £	Acquisitions £	1996 £	1995 £
TURNOVER		14,070,843	1,837,374	15,908,217	9,088,919
Cost of sales		(11,013,036)	(1,503,651)	(12,516,687)	(7,098,466)
GROSS PROFIT		3,057,807	333,723	3,391,530	1,990,453
Administrative expenses		(2,248,490)	(193,954)	(2,442,444)	(1,604,970)
Other operating income		10,187	-	10,187	9,740
OPERATING PROFIT	2	819,504	139,769	959,273	395,223
Interest receivable	3			79,654	60,276
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				1,038,927	455,499
Tax on profit on ordinary activities	4			(324,521)	(111,289)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				714,406	344,210
Transfer (to)/from reserves	11			(341,406)	60,614
DIVIDENDS	5			373,000	404,824

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

BALANCE SHEET
16 March 1996

	Notes	1996	1995
		£	£
FIXED ASSETS			
Tangible assets	6	647,600	360,041
CURRENT ASSETS			
Debtors	7	3,310,796	1,467,097
Cash at bank and in hand		1,438,000	1,222,559
		<u>4,748,796</u>	<u>2,689,656</u>
CREDITORS: amounts falling due within one year	8	<u>(3,911,475)</u>	<u>(1,915,409)</u>
Net current assets		<u>837,321</u>	<u>774,247</u>
Total assets less current liabilities		<u>1,484,921</u>	<u>1,134,288</u>
CREDITORS: amounts falling due after more than one year	9	<u>(9,227)</u>	<u>-</u>
NET ASSETS		<u>1,475,694</u>	<u>1,134,288</u>
CAPITAL AND RESERVES			
Called up share capital	10	500,000	500,000
Profit and loss account	11	975,694	634,288
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>1,475,694</u>	<u>1,134,288</u>

These financial statements were approved by the Board of Directors on *14 August 1996*

Signed on behalf of the Board of Directors



D M Telling
 Director

CASH FLOW STATEMENT
Year ended 16 March 1996

	Notes	1996		1995	
		£	£	£	£
Net cash inflow from operating activities	13		1,015,262		780,526
Returns on investments and servicing of finance					
Interest received		70,545		56,331	
Dividends paid		(404,824)		(80,000)	
Net cash outflow from returns on investments and servicing of finance			(334,279)		(23,669)
Taxation					
UK Corporation tax paid		(140,362)		(70,245)	
Advance corporation tax recovered		194,255		-	
Tax paid			53,893		(70,245)
Investing activities					
Purchase of tangible fixed assets		(494,725)		(279,215)	
Disposal of tangible fixed assets		15,250		25,236	
Net cash outflow from investing activities			(479,475)		(253,979)
Net cash inflow before financing			255,401		432,633
Financing					
Capital element of hire purchase		(39,960)		-	
Net cash outflow from financing			(39,960)		-
Increase in cash and cash equivalents	14		215,441		432,633



NOTES TO THE ACCOUNTS
Year ended 16 March 1996

1. ACCOUNTING POLICIES

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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and equipment, computer and fixtures and fittings	3 to 5 years
Motor vehicles	4 years

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.

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.

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.

Compliance with accounting standards

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



NOTES TO THE ACCOUNTS
Year ended 16 March 1996

2. OPERATING PROFIT is stated after charging/(crediting):	1996	1995
	£	£
Depreciation	214,854	155,549
Auditors' remuneration: audit services	3,000	3,000
Operating lease rentals		
- plant and equipment	35,332	14,231
- land and buildings	89,372	64,800
Profit on disposal of fixed assets	(2,227)	(19,106)
	<hr/>	<hr/>
3. INTEREST RECEIVABLE	1996	1995
	£	£
Interest receivable on bank deposit	79,654	60,276
	<hr/>	<hr/>
4. TAX ON PROFIT ON ORDINARY ACTIVITIES	1996	1995
	£	£
UK current year taxation		
UK Corporation Tax at 33% (1995: 33%)	335,000	150,842
Prior years		
UK Corporation Tax	(10,479)	(39,553)
	<hr/>	<hr/>
	324,521	111,289
	<hr/>	<hr/>
5. DIVIDENDS	1996	1995
	£	£
Ordinary:		
Final proposed of 74.6p (1995: 81p) per share	373,000	404,824
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 16 March 1996

6. TANGIBLE FIXED ASSETS

(1) Summary

	Plant and equipment £	Computer £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
19 March 1995	626,080	12,615	103,509	426,677	1,168,881
Additions	198,553	18,153	14,310	133,474	364,490
Transfers in	332,203	15,838	10,478	72,375	430,894
Disposals	(13,253)	-	-	(19,725)	(32,978)
16 March 1996	1,143,583	46,606	128,297	612,801	1,931,287
Depreciation					
19 March 1995	489,021	1,275	89,910	228,634	808,840
Charge for the year	87,728	5,870	8,676	112,580	214,854
Transfers in	243,248	7,810	3,825	25,065	279,948
Disposals	(5,097)	-	-	(14,858)	(19,955)
16 March 1996	814,900	14,955	102,411	351,421	1,283,687
Net book value					
16 March 1996	328,683	31,651	25,886	261,380	647,600
18 March 1995	137,059	11,340	13,599	198,043	360,041

The net book value of the company's plant and equipment includes £38,410 (1995: Nil) in respect of assets held under finance leases and hire purchase contracts.

(2) Capital commitments

At 16 March 1996 the directors authorised capital expenditure of £314,000 (1995: Nil).

7. DEBTORS

	1996 £	1995 £
Trade debtors	3,097,534	1,228,135
Amounts owed by parent undertaking and fellow subsidiary undertakings	184,696	-
Prepayments and accrued income	28,566	44,707
Advance corporation tax recoverable	-	194,255
	3,310,796	1,467,097

NOTES TO THE ACCOUNTS
Year ended 16 March 1996

8. CREDITORS: amounts falling due within one year	1996	1995
	£	£
Trade creditors	829,122	129,076
Amounts owed to parent undertaking and fellow subsidiary undertakings	1,005,873	-
Corporation tax	335,000	150,842
Other taxes and social security costs	1,260,420	710,445
Other creditors	12,019	444,033
Accruals and deferred income	83,812	76,189
Obligations under finance leases and hire purchase contracts	12,229	-
Proposed dividend	373,000	404,824
	<u>3,911,475</u>	<u>1,915,409</u>
9. CREDITORS: amounts falling due after more than one year	1996	1995
	£	£
Obligations under finance leases and hire purchase contracts	<u>9,227</u>	<u>-</u>
10. CALLED UP SHARE CAPITAL		
	1996	
(1) Authorised	Number	£
£1 Ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>
(2) Allotted and fully paid	1996	1995
	£	£
£1 Ordinary shares	<u>500,000</u>	<u>500,000</u>
11. PROFIT AND LOSS ACCOUNT	£	
19 March 1995	634,288	
Transfer to reserves	<u>341,406</u>	
16 March 1996	<u>975,694</u>	

NOTES TO THE ACCOUNTS
Year ended 16 March 1996

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	714,406	344,210
Proposed dividend	(373,000)	(404,824)
Net addition/(reduction) in shareholders' funds	341,406	(60,614)
Opening shareholders' funds	1,872,204	1,194,902
Closing shareholders' funds	1,015,262	1,134,288

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

	1996 £	1995 £
Operating profit	959,273	395,223
Depreciation charges	214,854	155,549
Profit on disposal of tangible fixed assets	(2,227)	(19,106)
(Increase)/decrease in debtors	(1,861,182)	185,295
Increase in creditors	1,704,544	63,565
Net cash inflow from operating activities	1,015,262	780,526

14. CASH AND CASH EQUIVALENTS

	1996 £	1995 £
Balance of cash and cash equivalents		
Cash at bank and in hand	1,438,000	1,222,559
Change in the balance of cash and cash equivalents		
19 March	1,222,559	789,926
Net cash inflow for the year	215,441	432,633
16 March	1,438,000	1,222,559

NOTES TO THE ACCOUNTS
Year ended 16 March 1996

15. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital £	Loans and finance lease obligations £
19 March 1995	500,000	-
Inception of finance lease contracts	-	20,711
16 March 1996	500,000	20,711

16. FINANCIAL COMMITMENTS

(1) Operating leases

At 16 March 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996		1995	
	Plant and equipment £	Land and buildings £	Plant and equipment £	Land and buildings £
Expiry date:				
- within two years	35,332	-	-	-
- between two and five years	-	-	14,231	-
- in over five years	-	93,385	-	64,800
	<u>35,332</u>	<u>93,385</u>	<u>14,231</u>	<u>64,800</u>

(2) Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts.

17. DIRECTORS

(1) Emoluments

The emoluments of the directors of the company were:

	1996 £	1995 £
Fees and other emoluments (including pension contributions and benefits in kind)	<u>243,668</u>	<u>211,461</u>

NOTES TO THE ACCOUNTS
Year ended 16 March 1996

17. DIRECTORS (continued)

(2) Bandings

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	1996	1995
	£	£
The chairman	-	-
The highest-paid director	<u>106,290</u>	<u>95,623</u>

Other directors' emoluments (excluding pension contributions) were in the following ranges:

	Number	Number
£0 - £5,000	4	4
£20,001 - £25,000	1	-
£40,001 - £45,000	1	1
£50,001 - £55,000	<u>1</u>	<u>1</u>

18. EMPLOYEES

(1) Number of employees

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

	1996	1995
	Number	Number
Cleaning staff	2,904	2,066
Administration and management	<u>53</u>	<u>30</u>
	<u>2,957</u>	<u>2,096</u>

(2) Employment costs

	£	£
Wages and salaries	11,559,681	6,889,692
Social security costs	550,551	292,973
Other pension costs	<u>98,727</u>	<u>71,346</u>
	<u>12,208,959</u>	<u>7,254,011</u>



NOTES TO THE ACCOUNTS
Year ended 16 March 1996

19. ACQUISITIONS

The trade and assets of MITIE Cleaning (Scotland) Limited, a fellow subsidiary undertaking, were acquired on 19 March 1995 at a fair value of £287,895. No adjustments were made to the book value of assets acquired in arriving at the fair value.

20. PARENT UNDERTAKING

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