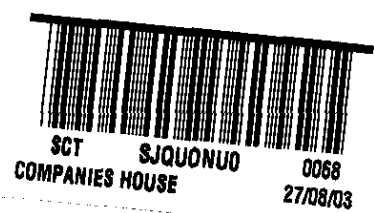


MITIE PROPERTY SERVICES (FORRES) LIMITED

Report and Financial Statements

31 March 2003

**Deloitte & Touche
Bristol**



REPORT AND FINANCIAL STATEMENTS 2003

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
W Robson
I R Stewart

SECRETARY

C K Ross

REGISTERED OFFICE

35 Duchess Road
Rutherglen
Glasgow
G73 1AU

BANKERS

HSBC Bank plc
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Deloitte & Touche
Bristol

DIRECTORS' REPORT

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The trading activities of the company were merged with its fellow subsidiary MITIE Property Services (Scotland) Limited with effect from 1 February 2000. No new contracts have been entered into by MITIE Property Services (Forres) Limited from 1 February 2000.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to nil (2002: £5,994). The directors recommend the payment of a dividend of nil (2002: £19,661), leaving nil to be transferred to reserves (2002: £25,655 transferred to reserves).

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

D M Telling
W Robson
I R Stewart

No director held a beneficial interest in the share capital of the company at the beginning and end of the financial year.

Messrs D M Telling, W Robson 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.

DIRECTORS' REPORT (continued)

AUDITORS

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

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

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

A handwritten signature in black ink, appearing to be 'C K Ross', with a stylized flourish at the end.

C K Ross
Secretary

2 July 2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MITIE PROPERTY SERVICES (FORRES) LIMITED**

We have audited the financial statements of MITIE Property Services (Forres) Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
Bristol

3 July 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2003

	Notes	Discontinued operations	
		2003 £	2002 £
TURNOVER	1	-	857
GROSS PROFIT		-	857
Administrative expenses		-	(1,750)
Other operating income		-	5,632
OPERATING PROFIT	2	-	4,739
Interest receivable	3	-	2,015
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	6,754
Tax on profit on ordinary activities	4	-	(760)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	5,994
Dividends	5	-	19,661
RETAINED PROFIT FOR THE FINANCIAL YEAR	9	-	25,655

There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been provided.

BALANCE SHEET
At 31 March 2003

	Notes	£	2003 £	£	2002 £
CURRENT ASSETS					
Debtors	6	107,726		30,186	
Cash at bank and in hand		-		99,474	
		<u>107,726</u>		<u>129,660</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	-		(21,934)	
		<u>-</u>		<u>(21,934)</u>	
NET CURRENT ASSETS			<u>107,726</u>		<u>107,726</u>
NET ASSETS			<u>107,726</u>		<u>107,726</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	8		100,000		100,000
Profit and loss account			7,726		7,726
			<u>107,726</u>		<u>107,726</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	9		<u>107,726</u>		<u>107,726</u>

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

Signed on behalf of the Board of Directors



D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 2003

	Notes	2003 £	2002 £
Net cash (outflow)/inflow from operating activities	10	(77,540)	24,634
Returns on investments and servicing of finance			
Interest received		-	3,398
Taxation			
Corporation tax paid		(11,715)	(11,036)
Equity dividends paid		(10,219)	-
(Decrease)/increase in cash in the year	12	<u>(99,474)</u>	<u>16,996</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied and contract work completed in the year. All turnover arises within the United Kingdom, from the company's principal activity.

2. OPERATING PROFIT is stated after charging:	2003 £	2002 £
Auditors' remuneration - audit services	-	1,750

The auditors' remuneration was borne by the parent company in the current year.

3. INTEREST RECEIVABLE	2003 £	2002 £
Inland Revenue	-	33
Bank interest	-	1,982
	-	2,015

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2002: 30%). The current tax charge for the year differs from 30% (2002: differs from 30%) for the reasons set out in the following reconciliation:

	2003 £	2002 £
Profit on ordinary activities before tax	-	6,754
	£	£
Tax on profit on ordinary activities at standard rate of 30%	-	2,026
Factors affecting the charge - small companies rate relief	-	(675)
UK corporation tax for the year	-	1,351
Adjustment in respect of prior year	-	(591)
Tax on profit on ordinary activities	-	760

The company is not aware of any factors that may materially affect the future tax charge.

5. DIVIDENDS

	2003 £	2002 £
Final proposed:		
£1 'A' ordinary shares nil (2002: 10.22p) per share	-	5,825
£1 'B' ordinary shares nil (2002: 10.22p) per share	-	4,394
Dividend repayable	-	(29,880)
	-	(19,661)

6. DEBTORS

	2003 £	2002 £
Other debtors	-	30,186
Amounts due from group undertakings	107,726	-
	107,726	30,186

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003	2002
	£	£
Corporation tax	-	11,715
Proposed dividend	-	10,219
	<u>-</u>	<u>21,934</u>
8. CALLED UP SHARE CAPITAL	2003	2002
	£	£
Authorised		
102,000 £1 'A' ordinary shares	102,000	102,000
98,000 £1 'B' ordinary shares	98,000	98,000
	<u>200,000</u>	<u>200,000</u>
	£	£
Allotted and fully paid		
57,000 £1 'A' ordinary shares	57,000	57,000
43,000 £1 'B' ordinary shares	43,000	43,000
	<u>100,000</u>	<u>100,000</u>

Rights attached to shares

The holders of the £1 'A' ordinary shares and the £1 'B' ordinary shares are entitled to a dividend as decided by the Board. Thereafter, MITIE Group PLC, the holder of the £1 'A' ordinary shares, is entitled to one half of the company's annual profits available for distribution less the above amount already paid, together with any arrears of such cumulative dividends unpaid from any previous financial year.

Thereafter, the balance of profits available for distribution may be distributed amongst the holders of each class of share pari passu.

Both classes of shareholder have equal voting rights.

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

9.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003	2002	
		£	£	
	Profit for the financial year	-	5,994	
	Dividends	-	19,661	
	Net addition to shareholders' funds	-	25,655	
	Opening shareholders' funds	107,726	82,071	
	Closing shareholders' funds	107,726	107,726	
10.	RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	2003	2002	
		£	£	
	Operating profit	-	4,739	
	(Increase)/decrease in debtors	(77,540)	25,526	
	Decrease in creditors	-	(5,631)	
	Net cash (outflow)/inflow from operating activities	(77,540)	24,634	
11.	ANALYSIS OF CHANGES IN NET FUNDS	At 1 April 2002	Cash flows	At 31 March 2003
		£	£	£
	Cash at bank and in hand	99,474	(99,474)	-
12.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2003	2002	
		£	£	
	Net funds at beginning of year	99,474	82,478	
	(Decrease)/increase in cash in the year	(99,474)	16,996	
	Net funds at end of year	-	99,474	

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

13. FINANCIAL COMMITMENTS

Commitments on behalf of the group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts. As at 31 March 2003, the overall commitment was nil (2002: nil).

14. DIRECTORS AND EMPLOYEES

Mr D M Telling, W Robson and I R Stewart are also directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts. There were no other employees of the company during the current and preceding financial year.

15. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of MITIE Group PLC, MITIE Property Services (Forres) Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

16. 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. MITIE Group PLC is both the smallest and largest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.