



Company Number 374293

MITIE Property Services (London) Limited
(formerly MITIE Deeds Limited)

Report and Financial Statements

31 March 1999

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





REPORT AND FINANCIAL STATEMENTS 1999

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MITIE Property Services (London) Limited
(formerly MITIE Deeds Limited)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
W Robson
J A Telling

SECRETARIES

A F Waters
M O Thomas

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Bristol
BS40 5SA

BANKERS

National Westminster Bank plc
32 Corn Street
Bristol
BS99 7UG

AUDITORS

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

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 1999.

On 8 April 1999 the company changed its name from MITIE Deeds Limited to MITIE Property Services (London) 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 ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the year was painting and building maintenance contractors.

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 £65,630 (1998: loss of £16,621). The directors do not propose the payment of a dividend and recommend that £65,630 be transferred to reserves.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in Note 5 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

D M Telling
W Robson
J A Telling

The directors had no interest in the share capital of the company at the beginning or end of the financial year.

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

Mr D M Telling is a director of MITIE Group PLC, the parent undertaking, and his interest in the share capital of that company is shown in the financial statements of MITIE Group PLC.

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

	31 March 1999 5p Ordinary shares No.	1 April 1998 10p Ordinary shares No.
W Robson	1,184,020	600,000
J A Telling	36,886	-

On 17 September 1998, each 10p ordinary share in MITIE Group PLC was subdivided into two ordinary shares of 5p each.

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 1999 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 45 (1998: 30) days.

YEAR 2000

The project to cope with the year 2000 technology problem is well under way. An Executive Steering Committee chaired by a Group Managing Director has been established. Its responsibility is to ensure that all operating companies within the group have identified the systems (included embedded chips) with associated business criticality, which require change and have made appropriate plans to ensure that all changes are successfully implemented no later than October 1999.

In addition, systems which are critical to the business but are part of the supplier/customer chain and are outside the direct control of the MITIE Group are also included in the project.

Phase one of this programme has been concluded with all subsidiary companies completing a detailed assessment as to their state of readiness for year 2000. Phase two of this programme has also been completed, which confirms that all key business systems within the group are or have been made compliant well before the target deadline.

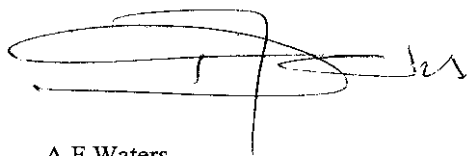
Due to the general level of uncertainty inherent with the year 2000 issue it is not possible to be 100% certain that no business interruption will occur. Costs incurred to date have been written off to the profit and loss account and the Board consider that future costs will not have a material impact on the group accounts.

DIRECTORS' REPORT (continued)

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 F Waters
Secretary

12 August 1999



AUDITORS' REPORT TO THE MEMBERS OF

MITIE Property Services (London) Limited (formerly MITIE Deeds Limited)

We have audited the financial statements on pages 6 to 15, which have been prepared under the accounting policies set out on page 9.

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 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

16 August 1999

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1999

	Notes	Continuing operations 1999 £	1998 £
TURNOVER		2,836,981	3,275,507
Cost of sales		(2,145,326)	(2,729,512)
GROSS PROFIT		691,655	545,995
Administrative expenses		(568,014)	(541,773)
OPERATING PROFIT	2	123,641	4,222
Interest payable	3	(29,020)	(27,175)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		94,621	(22,953)
Tax (charge)/credit on profit/(loss) on ordinary activities	4	(28,991)	6,332
RETAINED PROFIT/(LOSS) FOR THE YEAR	10	65,630	(16,621)

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
At 31 March 1999

	Notes	£	1999	£	1998	£
FIXED ASSETS						
Tangible assets	5		107,636		90,865	
CURRENT ASSETS						
Work in progress	6	178,552		128,490		
Debtors	7	808,342		816,910		
Cash at bank and in hand		108		430		
		987,002		945,830		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(909,766)		(917,453)		
NET CURRENT ASSETS			77,236		28,377	
NET ASSETS			184,872		119,242	
CAPITAL AND RESERVES						
Called up share capital	9	225,000		225,000		
Profit and loss account	10	(40,128)		(105,758)		
TOTAL EQUITY SHAREHOLDERS' FUNDS			184,872		119,242	

These financial statements were approved by the Board of Directors on 12 August 1999.

Signed on behalf of the Board of Directors

D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 1999

	Notes	1999		1998	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	12		214,294		(530,410)
Returns on investments and servicing of finance					
Interest paid			(42,382)		(12,182)
Taxation					
UK corporation tax received/(paid)			5,609		(24,768)
Capital expenditure					
Payments to acquire tangible fixed assets		(67,224)		(66,525)	
Receipts from disposal of tangible fixed assets		22,300		6,500	
Net cash outflow from capital expenditure			(44,924)		(60,025)
Increase/(decrease) in cash in the year	14		132,597		(627,385)

NOTES TO THE ACCOUNTS
Year ended 31 March 1999

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.

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 office equipment	4 to 10 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 the 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.

Work in progress

Work in progress is stated at the lower of cost (including appropriate overheads) and net realisable value. Provision is made for foreseeable losses.

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 defined benefit and money purchase schemes are given in the financial statements of MITIE Group PLC.



NOTES TO THE ACCOUNTS
Year ended 31 March 1999

2. OPERATING PROFIT is stated after charging/(crediting):	1999	1998
	£	£
Depreciation	37,995	34,647
Auditors' remuneration - audit services	2,500	2,500
Profit on disposal of tangible fixed assets	(9,842)	(4,205)
	<u> </u>	<u> </u>
3. INTEREST PAYABLE	1999	1998
	£	£
Bank interest	29,020	27,175
	<u> </u>	<u> </u>
4. TAX CHARGE/(CREDIT) ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	1999	1998
	£	£
UK current year taxation		
UK corporation tax at 31% (1998: 31%)	29,000	(5,600)
Prior year		
UK corporation tax	(9)	(732)
	<u> </u>	<u> </u>
	<u>28,991</u>	<u>(6,332)</u>


NOTES TO THE ACCOUNTS
Year ended 31 March 1999
5. TANGIBLE FIXED ASSETS

Summary	Office equipment and furniture £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 1998	51,464	11,165	157,857	220,486
Additions	1,343	-	65,881	67,224
Disposals	-	-	(46,794)	(46,794)
Transfer out	-	-	(15,000)	(15,000)
At 31 March 1999	52,807	11,165	161,944	225,916
Depreciation				
At 1 April 1998	47,842	11,165	70,614	129,621
Charge for the year	3,005	-	34,990	37,995
Disposals	-	-	(45,586)	(45,586)
Transfers out	-	-	(3,750)	(3,750)
At 31 March 1999	50,847	11,165	56,268	118,280
Net book value				
At 31 March 1999	1,960	-	105,676	107,636
At 31 March 1998	3,622	-	87,243	90,865

Capital commitments

At 31 March 1999 the directors had authorised capital expenditure of nil (1998: £34,000).

6. WORK IN PROGRESS

	1999 £	1998 £
Work in progress	242,637	233,525
Cash received on account	(64,085)	(105,035)
	178,552	128,490



NOTES TO THE ACCOUNTS
Year ended 31 March 1999

7. DEBTORS	1999	1998
	£	£
Trade debtors	605,756	568,580
Amounts owed by parent undertaking and fellow subsidiary undertakings	194,848	236,722
Other debtors and prepayments	7,738	6,008
Corporation tax recoverable	-	5,600
	<u>808,342</u>	<u>816,910</u>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1999	1998
	£	£
Payments on account	451	6,980
Bank overdraft	334,526	467,445
Trade creditors	460,885	313,420
Corporation tax	29,000	-
Other taxes and social security costs	73,690	105,138
Other creditors	128	301
Accruals and deferred income	11,086	24,169
	<u>909,766</u>	<u>917,453</u>
9. CALLED UP SHARE CAPITAL		
Authorised	1999	
	No.	£
£1 Ordinary shares	225,000	225,000
Allotted and fully paid	1999	1998
	£	£
£1 Ordinary shares	225,000	225,000

NOTES TO THE ACCOUNTS
Year ended 31 March 1999

10. PROFIT AND LOSS ACCOUNT

	£
At 1 April 1998	(105,758)
Retained profit for the year	65,630
	<hr/>
At 31 March 1999	(40,128)
	<hr/>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit/(loss) for the financial year	65,630	(16,621)
Opening shareholders' funds	119,242	135,863
	<hr/>	<hr/>
Closing shareholders' funds	184,872	119,242
	<hr/>	<hr/>

12. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	123,641	4,222
Depreciation charges	37,995	34,647
Profit on disposal of tangible fixed assets	(9,842)	(4,205)
Increase in work in progress	(50,062)	(1,580)
Decrease/(increase) in debtors	2,967	(525,770)
Increase/(decrease) in creditors	109,595	(37,724)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	214,294	(530,410)
	<hr/>	<hr/>

13. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1998 £	Cash flows £	At 31 March 1999 £
Cash at bank and in hand	430	(322)	108
Overdrafts	(467,445)	132,919	(334,526)
	<hr/>	<hr/>	<hr/>
	(467,015)	132,597	(334,418)
	<hr/>	<hr/>	<hr/>



NOTES TO THE ACCOUNTS
Year ended 31 March 1999

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

	1999	1998
	£	£
Increase/(decrease) in cash in the year	132,597	(627,385)
Net (debt)/funds at 1 April	(467,015)	160,370
Net debt at 31 March	(334,418)	(467,015)

15. FINANCIAL COMMITMENTS

Operating leases

At 31 March 1999 the company had no annual commitments under non-cancellable operating leases.

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 1999, the overall commitment was nil.

16. DIRECTORS

	1999	1998
	£	£
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	59,029	-
	No.	No.
The number of directors who were members of a defined benefit pension scheme	1	1

Mr D M Telling is also a director of MITIE Group PLC and his emoluments and pension details are disclosed in the group accounts. Mr W Robson is paid for his services by MITIE Property Services Limited. It is not practicable to allocate his remuneration between his services as a director of MITIE Property Services (London) Limited and his services as a director of other group companies.

NOTES TO THE ACCOUNTS
Year ended 31 March 1999

17. EMPLOYEES

Number of employees

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

	1999 No.	1998 No.
Site labour	38	61
Administration and management	12	11
	<u>50</u>	<u>72</u>
Employment costs	£	£
Wages and salaries	972,497	1,256,138
Social security costs	97,604	121,100
Other pension costs	12,915	7,434
	<u>1,083,016</u>	<u>1,384,672</u>

18. RELATED PARTY TRANSACTIONS

MITIE Group PLC is a 51% shareholder of MITIE Property Services (London) Limited.

A loan of £194,848 to MITIE Contract Services (London) Limited is included in debtors.

19. ULTIMATE PARENT UNDERTAKING

The company's immediate parent company is MITIE Contract Services (London) Limited, a company registered in England and Wales. Copies of the accounts can be obtained from the Company Secretary at the registered office.

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.