



MITIE DEEDS LIMITED

Report and Financial Statements

31 March 1997

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





REPORT AND FINANCIAL STATEMENTS 1997

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REPORT AND FINANCIAL STATEMENTS 1997

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
Wrington
Bristol
BS18 7SA

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 financial statements for the year ended 31 March 1997.

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 £83,907 (1996: loss of £17,999). The directors do not propose the payment of a dividend and recommend that £83,907 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 and end of the financial year.

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.

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

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

	31 March 1997	1 April 1996
	10p Ordinary shares	25p Ordinary shares
	Number	Number
W Robson	641,652	266,661

No other director had a beneficial interest in the share capital of MITIE Group PLC during the year.

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 1997 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 47 days.

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

14/8/97



Chartered Accountants

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

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AUDITORS' REPORT TO THE MEMBERS OF

MITIE DEEDS LIMITED

We have audited the financial statements on pages 5 to 14 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 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

08/8/97

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1997

	Notes	Continuing operations	
		1997	1996
		£	£
TURNOVER		2,828,778	2,797,082
Cost of sales		(2,201,277)	(2,257,281)
GROSS PROFIT		<u>627,501</u>	<u>539,801</u>
Administrative expenses		(506,707)	(538,651)
OPERATING PROFIT	2	<u>120,794</u>	<u>1,150</u>
Interest payable	3	(11,541)	(29,001)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>109,253</u>	<u>(27,851)</u>
Tax on profit/(loss) on ordinary activities	4	(25,346)	9,852
RETAINED PROFIT/(LOSS) FOR THE YEAR	10	<u>83,907</u>	<u>(17,999)</u>

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
31 March 1997

	Notes	1997		1996	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		61,282		86,751
CURRENT ASSETS					
Work in progress	6	126,910		138,979	
Debtors	7	285,648		964,659	
Cash at bank and in hand		160,370		266	
		<u>572,928</u>		<u>1,103,904</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(498,347)</u>		<u>(1,138,699)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>74,581</u>		<u>(34,795)</u>
NET ASSETS			<u>135,863</u>		<u>51,956</u>
CAPITAL AND RESERVES					
Called up share capital	9		225,000		225,000
Profit and loss account	10		<u>(89,137)</u>		<u>(173,044)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>135,863</u>		<u>51,956</u>

These financial statements were approved by the Board of Directors on 14 August 1997

Signed on behalf of the Board of Directors

D M Telling
Director



CASH FLOW STATEMENT
Year ended 31 March 1997

	Notes	1997		1996	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	12		570,985		(121,291)
Returns on investments and servicing of finance					
Interest paid			(14,545)		(29,104)
Taxation					
UK corporation tax received			10,654		91,818
Capital expenditure					
Payments to acquire tangible fixed assets		(34,998)		(57,755)	
Receipts from disposal of tangible fixed assets		25,652		11,300	
Net cash outflow from capital expenditure			(9,346)		(46,455)
Increase/(decrease) in cash in the year	14		557,748		(105,032)



NOTES TO THE ACCOUNTS

Year ended 31 March 1997

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 and contract work completed in the year.

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 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 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 31 March 1997

2. OPERATING PROFIT is stated after charging/(crediting):	1997	1996
	£	£
Depreciation	35,207	31,134
Profit on disposal of tangible fixed assets	(392)	(7,344)
Auditors' remuneration: audit services	3,500	3,500
	<u> </u>	<u> </u>
 3. INTEREST PAYABLE	 1997	 1996
	£	£
Bank interest payable	11,541	29,001
	<u> </u>	<u> </u>
 4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	 1997	 1996
	£	£
UK current year taxation		
UK corporation tax at 33% (group relief)	25,500	(10,500)
 Prior year		
UK corporation tax	(154)	648
	<u> </u>	<u> </u>
	<u>25,346</u>	<u>(9,852)</u>



NOTES TO THE ACCOUNTS
Year ended 31 March 1997

5. TANGIBLE FIXED ASSETS

(1) Summary

	Office equipment and furniture	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
1 April 1996	49,993	11,165	115,583	176,741
Additions	1,058	-	33,940	34,998
Transfers out	-	-	(32,620)	(32,620)
Disposals	(1,058)	-	(4,850)	(5,908)
31 March 1997	<u>49,993</u>	<u>11,165</u>	<u>112,053</u>	<u>173,211</u>
Depreciation				
1 April 1996	36,171	11,165	42,654	89,990
Charge for the year	8,013	-	27,194	35,207
Transfers out	-	-	(10,268)	(10,268)
Disposals	-	-	(3,000)	(3,000)
31 March 1997	<u>44,184</u>	<u>11,165</u>	<u>56,580</u>	<u>111,929</u>
Net book value				
31 March 1997	<u>5,809</u>	<u>-</u>	<u>55,473</u>	<u>61,282</u>
31 March 1996	<u>13,822</u>	<u>-</u>	<u>72,929</u>	<u>86,751</u>

(2) Capital commitments

At 31 March 1997 the directors had authorised capital expenditure of £34,000 (1996: £22,000).

6. WORK IN PROGRESS

	1997	1996
	£	£
Work in progress	205,226	270,498
Cash received on account	(78,316)	(131,519)
	<u>126,910</u>	<u>138,979</u>



NOTES TO THE ACCOUNTS
Year ended 31 March 1997

7. DEBTORS	1997	1996
	£	£
Amounts due from parent undertaking and fellow subsidiary undertakings	-	12,265
Trade debtors	279,214	941,071
Other debtors and prepayments	6,434	823
Corporation tax recoverable	-	10,500
	<u>285,648</u>	<u>964,659</u>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997	1996
	£	£
Bank overdraft	-	397,644
Trade creditors	285,620	495,246
Other creditors	275	40
Amounts owed to parent undertaking and fellow subsidiary undertakings	83,852	75,540
Accruals	5,980	46,375
Corporation tax	25,500	-
Other taxes and social security costs	91,187	121,852
Payments on account	5,933	2,002
	<u>498,347</u>	<u>1,138,699</u>
9. CALLED UP SHARE CAPITAL		1997
(1) Authorised	Number	£
£1 Ordinary shares	<u>225,000</u>	<u>225,000</u>
(2) Allotted and fully paid	1997	1996
	£	£
£1 Ordinary shares	<u>225,000</u>	<u>225,000</u>
10. PROFIT AND LOSS ACCOUNT		
		£
1 April 1996		(173,044)
Retained profit for the year		<u>83,907</u>
31 March 1997		<u>(89,137)</u>


NOTES TO THE ACCOUNTS

Year ended 31 March 1997

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1997	1996	
	£	£	
Profit/(loss) for the financial year	83,907	(17,999)	
Opening shareholders' funds	51,956	69,955	
	<hr/>	<hr/>	
Closing shareholders' funds	135,863	51,956	
	<hr/>	<hr/>	
12. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1997	1996	
	£	£	
Operating profit	120,794	1,150	
Depreciation charges	35,207	31,134	
Profit on sale of tangible fixed assets	(392)	(7,344)	
Decrease/(increase) in work in progress	12,069	(78,110)	
Decrease/(increase) in debtors	668,619	(251,281)	
(Decrease)/increase in creditors	(265,312)	183,160	
	<hr/>	<hr/>	
Net cash inflow/(outflow) from operating activities	570,985	(121,291)	
	<hr/>	<hr/>	
13. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS	At 1 April	Cash flows	At 31 March
	1996		1997
	£	£	£
Cash at bank and in hand	266	160,104	160,370
Overdrafts	(397,644)	397,644	-
	<hr/>	<hr/>	<hr/>
	(397,378)	557,748	160,370
	<hr/>	<hr/>	<hr/>
14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS	1997	1996	
	£	£	
Increase/(decrease) in cash for the year	557,748	(105,032)	
Net debt at 1 April	(397,378)	(292,346)	
	<hr/>	<hr/>	
Net funds/(debt) at 31 March	160,370	(397,378)	
	<hr/>	<hr/>	

NOTES TO THE ACCOUNTS
Year ended 31 March 1997

15. FINANCIAL COMMITMENTS

(1) Operating leases

At 31 March 1997 the company had no annual commitments under non-cancellable operating leases.

(2) Commitments on behalf of group undertakings

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

16. DIRECTORS

	1997	1996
	£	£
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	-	6,666
Compensation for loss of office	-	8,750
	<u> </u>	<u> </u>
	Number	Number
The number of directors who were members of a defined benefit pension scheme	<u> 1</u>	<u> 1</u>

Mr D M Telling is also a director of MITIE Group PLC and his pension details are disclosed in the group accounts. Mr W Robson is also a director of Trident Maintenance Services Limited and his pension details are disclosed in these accounts.

17. EMPLOYEES

(1) Number of employees

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

	1997	1996
	Number	Number
Site labour	21	7
Administration and management	10	11
	<u> 31</u>	<u> 18</u>

**NOTES TO THE ACCOUNTS**
Year ended 31 March 1997**17. EMPLOYEES (continued)**

	1997	1996
(2) Employment costs	£	£
Wages and salaries	506,254	329,162
Social security costs	50,521	27,598
Other pension costs	6,120	5,085
	<hr/> 562,895	<hr/> 361,845

18. ULTIMATE PARENT UNDERTAKING

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

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