



MITIE ENGINEERING SERVICES LIMITED

Report and Financial Statements

31 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

D M Telling
W E Belshaw
D Freeman
W E Harding
T G Lewis
C S Acheson

SECRETARIES

A F Waters
M O Thomas

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Bristol
BS18 7SA

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 31 March 1996.

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, subject to any material departure disclosed and explained in the financial statements; 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

On 1 April 1995 the company transferred its entire business to the parent undertaking MITIE Group PLC and has not traded since that date.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to Nil (1995: £16,827). The directors do not propose the payment of a dividend.

FIXED ASSETS

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

DIRECTORS

The directors during the year were as follows:

D M Telling (Chairman)
W E Belshaw
D Freeman
W E Harding
T G Lewis
C S Acheson

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

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

Messrs D M Telling and W E Harding 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.

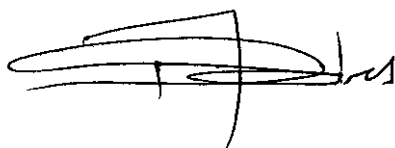
Other directors' interests in the share capital of MITIE Group PLC are as follows:

	31 March 1996	1 April 1995
	25p Ordinary shares	25p Ordinary shares
	Number	Number
W E Belshaw	115,000	115,000
D Freeman	467,428	494,428
T G Lewis	564,766	568,766
C S Acheson	235,260	235,260

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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International + 44 117 921 1622
Fax (Gp. 3): 0117 929 2801

AUDITORS' REPORT TO THE MEMBERS OF MITIE ENGINEERING SERVICES LIMITED

We have audited the financial statements on pages 5 to 12 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 1996 and of the result 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 31 March 1996

	Notes	Discontinued operations	
		1996	1995
		£	£
Administrative expenses		-	100,077
OPERATING PROFIT	2	-	100,077
Interest receivable	3	-	3,381
Interest payable	3	-	(74,338)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	29,120
Tax on profit on ordinary activities	4	-	(12,293)
RETAINED PROFIT FOR THE YEAR	9	-	16,827

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 1996

	Notes	£	1996	£	£	1995	£
FIXED ASSETS							
Tangible assets	5			-		37,723	
CURRENT ASSETS							
Debtors	6	405,607			2,889,118		
CREDITORS: amounts falling due within one year	7		-		(2,521,234)		
Net current assets			405,607			367,884	
NET ASSETS			405,607			405,607	
CAPITAL AND RESERVES							
Called up share capital	8		277,722			277,722	
Profit and loss account			127,885			127,885	
TOTAL EQUITY SHAREHOLDERS' FUNDS			405,607			405,607	

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

Signed on behalf of the Board of Directors



D M Telling
 Director

CASH FLOW STATEMENT
Year ended 31 March 1996

	Notes	1996	1995
		£	£
Net cash inflow from operating activities	10	-	449,171
Returns on investments and servicing of finance			
Interest received		-	3,230
Interest paid		-	(76,975)
Dividends paid		-	(350,000)
Net cash outflow from returns on investments and servicing of finance		-	(423,745)
Taxation			
UK Corporation tax paid		-	(12,093)
Investing activities			
Investment in subsidiary undertakings		-	(2,009,291)
Purchase of tangible fixed assets		-	(26,424)
Transfer of business to parent undertaking		2,484,163	-
Net cash inflow/(outflow) from investing activities		2,484,163	(2,035,715)
Increase/(decrease) in cash and cash equivalents	11	2,484,163	(2,022,382)

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

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.

2. OPERATING PROFIT is stated after charging:	1996	1995
	£	£
Depreciation	-	16,709
Auditors' remuneration: audit services	-	500
	<hr/>	<hr/>
3. INTEREST	1996	1995
(1) Interest receivable	£	£
Inter-company loan interest	-	3,381
	<hr/>	<hr/>
(2) Interest payable		
On bank loans and overdrafts repayable within five years	-	74,338
	<hr/>	<hr/>
4. TAX ON PROFIT ON ORDINARY ACTIVITIES	1996	1995
	£	£
UK current year taxation		
UK Corporation Tax at 33% (1995: 33%)	-	12,300
Prior years		
UK Corporation Tax	-	(7)
	<hr/>	<hr/>
	-	12,293
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

5. TANGIBLE FIXED ASSETS

Summary	Office equipment £	Motor vehicles £	Total £
Cost			
1 April 1995	7,249	63,800	71,049
Intercompany transfer	(7,249)	(63,800)	(71,049)
31 March 1996	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
1 April 1995	5,350	27,976	33,326
Intercompany transfer	(5,350)	(27,976)	(33,326)
31 March 1996	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
31 March 1996	<u>-</u>	<u>-</u>	<u>-</u>
 31 March 1995	 <u>1,899</u>	 <u>35,824</u>	 <u>37,723</u>

6. DEBTORS

	1996 £	1995 £
Amounts owed by parent company and fellow subsidiary undertakings	405,607	2,886,368
Prepayments and accrued income	-	2,750
	<u>405,607</u>	<u>2,889,118</u>

7. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank overdraft	-	2,484,163
Amounts owed to parent undertaking	-	2,957
Corporation tax	-	12,300
Other taxes and social security costs	-	12,150
Accruals and deferred income	-	9,664
	<u>-</u>	<u>2,521,234</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

8. CALLED UP SHARE CAPITAL

	Number	1996 £
(1) Authorised		
£1 Ordinary shares	500,000	500,000
(2) Allotted and fully paid	1996 £	1995 £
£1 Ordinary shares	277,722	277,722

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	-	16,827
Opening shareholders' funds	405,607	388,780
Closing shareholders' funds	405,607	405,607

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

	1996 £	1995 £
Operating profit	-	100,077
Depreciation charges	-	16,709
Decrease in debtors	-	414,287
Decrease in creditors	-	(81,902)
Net cash inflow from operating activities	-	449,171

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

11. CASH AND CASH EQUIVALENTS

	1996	1995
	£	£
Balance of cash and cash equivalents		
Bank overdrafts	-	(2,484,163)
	<u> </u>	<u> </u>
Change in the balance of cash and cash equivalents		
1 April	(2,484,163)	(461,781)
Net cash inflow/(outflow) for the year	2,484,163	(2,022,382)
	<u> </u>	<u> </u>
31 March	-	(2,484,163)
	<u> </u>	<u> </u>

12. DIRECTORS

(1) Emoluments

	1996	1995
	£	£
The emoluments of directors of the company were:		
Fees and other emoluments (including pension contributions and benefits-in-kind)	-	95,297
	<u> </u>	<u> </u>

(2) Bandings

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

The chairman	-	-
The highest-paid director	-	85,885
	<u> </u>	<u> </u>

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

	Number	Number
£0 - £5,000	4	4
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

13. EMPLOYEES

(1) Number of employees

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

	1996 Number	1995 Number
Administration and management	-	3
(2) Employment costs	£	£
Wages	-	138,134
Social security costs	-	12,496
Other pension costs	-	5,237
	-	155,867

14. 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.