

MITIE ENGINEERING SERVICES LIMITED

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

for the year ended  
31 March 1993



Company Number 2049476

**DIRECTORS**

D M Telling - Chairman  
W F Belshaw  
D Freeman  
W E Harding  
T G Lewis

**SECRETARY**

A F Waters

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wrington  
Avon BS18 7SA

**COMPANY NUMBER**

2049476

**AUDITORS**

BDO Binder Hamlyn  
Broad Quay House  
Broad Quay  
Bristol BS1 4PQ

**DIRECTORS' REPORT**  
for the year ended 31 March 1993**FINANCIAL STATEMENTS**

The directors present their report and financial statements for the year ended 31 March 1993. The company's ultimate parent company is MITIE Group PLC, which is incorporated in Scotland.

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (4) 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 company provides management and administration services to its subsidiary companies who provide fully integrated engineering services to the commercial and industrial sector.

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 £241,599. The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Final proposed	240,000
Transfer to reserves	1,599
	<u>241,599</u>

**DIRECTORS' REPORT**  
for the year ended 31 March 1993 (continued)

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**DIRECTORS**

The directors during the year were as stated on page 1.

No director has any interest in the share capital of the company.

Messrs W E Harding and D M Telling are directors of MITIE Group PLC, the ultimate parent company, and their interests in the share capital of that company are shown in the financial statements of MITIE Group PLC.

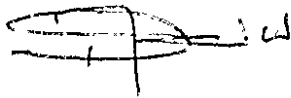
Other directors' interests in the share capital of MITIE Group PLC are as follows:

	31 March 1993 50p Ordinary shares Number	1 April 1992 50p Ordinary shares Number
D Freeman	251,714	6,000
T G Lewis	293,483	293,483

**AUDITORS**

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 18<sup>th</sup> August 1993



A F Waters  
Secretary

**AUDITORS' REPORT**  
to the members of MITIE Engineering Services Limited

We have audited the financial statements on pages 5 to 14 which have been prepared on the basis of 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.

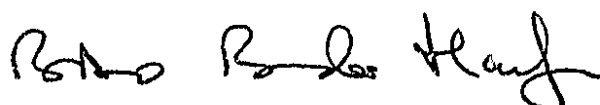
**Basis of opinion**

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 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors  
12<sup>th</sup> August 1993

PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 1993

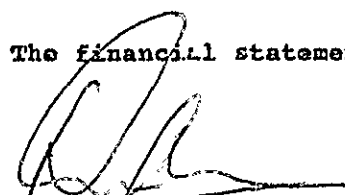
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	Notes	1993 £	1992 £
Turnover	2	290,625	368,364
Administrative expenses		<u>96,448</u>	<u>(948)</u>
Operating profit	3	194,177	369,312
Interest receivable	4	16,687	18,346
Interest payable	4	8,911	13,069
Exceptional item	5	<u>19,700</u>	<u>-</u>
Profit on ordinary activities before taxation		221,653	374,589
Tax on profit on ordinary activities	6	<u>(19,946)</u>	<u>2,034</u>
Profit on ordinary activities after taxation		241,599	372,555
Dividends		<u>240,000</u>	<u>370,000</u>
Retained profit for the year	13	<u>1,599</u>	<u>2,555</u>

**BALANCE SHEET**  
as at 31 March 1993

	Notes	£	1993	£	£	1992	£
<b>FIXED ASSETS</b>							
Tangible assets	7		32,816			-	
Investments	8		934,643			386,665	
			<u>967,459</u>			<u>386,665</u>	
<b>CURRENT ASSETS</b>							
Debtors	9		438,028		578,938		
Cash at bank and in hand			-		32,683		
			<u>438,028</u>		<u>611,621</u>		
CREDITORS: amounts falling due within one year	10		<u>1,054,638</u>		<u>646,636</u>		
Net Liabilities			(616,610)			(35,015)	
Total Assets less Current Liabilities			350,849			351,650	
PROVISIONS FOR LIABILITIES AND CHARGES	11		-			2,400	
Net Assets			<u>350,849</u>			<u>349,250</u>	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	12		277,722		277,722		
Revaluation reserve	13		68,446		68,446		
Profit and loss account	14		4,681		3,082		
			<u>350,849</u>		<u>349,250</u>		

The financial statements on pages 5 to 14 were approved by the Board on 18<sup>th</sup> August 1993

  
D M Telling  
Director

**CASH FLOW STATEMENT**  
for the year ended 31 March 1993

	Notes	£	1993	£	£	1992	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	15			308,404		214,120	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE							
Interest received			24,649			16,916	
Interest paid			(9,897)			(13,351)	
Dividend paid			<u>(370,000)</u>			<u>(93,000)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				(355,248)		(89,435)	
TAX (PAID)/RECEIVED				(1,354)		5,166	
INVESTING ACTIVITIES							
Investment in subsidiary undertakings			(548,028)			(69,000)	
Sale of investment in subsidiary undertaking			19,750			30,000	
Purchase of tangible fixed assets			<u>(46,357)</u>			<u>-</u>	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES				<u>(574,635)</u>		<u>(39,000)</u>	
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	16			<u>(622,833)</u>		<u>90,851</u>	



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1993

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1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, 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 - 10 years
Motor vehicles	4 years

Compliance with accounting standards

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

	1993 £	1992 £
2. TURNOVER		
Dividends receivable	<u>290,625</u>	<u>368,364</u>
3. OPERATING PROFIT is stated after charging:		
Auditors' remuneration	500	600
Depreciation	<u>13,541</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1993 (continued)

## 4. INTEREST

	1993 £	1992 £
(a) Interest receivable		
Bank deposit account interest	75	-
Inter-company loan interest	16,612	18,346
	<u>16,687</u>	<u>18,346</u>
(b) Interest payable		
On bank loans and overdrafts repayable within five years	6,145	7,522
Loan notes and loan stock	2,766	5,547
	<u>8,911</u>	<u>13,069</u>

## 5. EXCEPTIONAL ITEM

Profit on disposal of investment	<u>19,700</u>	<u>-</u>
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## 6. TAXATION

UK current year taxation	-	1,500
UK Corporation tax at 33% (1992: 33%)	(17,400)	-
Group relief receipt	(2,400)	550
Deferred tax	<u>(19,800)</u>	<u>2,050</u>
Prior years		
UK Corporation tax	<u>(146)</u>	<u>(16)</u>
Tax on profit on ordinary activities	<u>(19,946)</u>	<u>2,034</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1993 (continued)

## 7. TANGIBLE FIXED ASSETS

## (a) Summary

	Office equipment £	Motor vehicles £	Total £
Cost			
1 April 1992	-	-	-
Group transfers in	5,250	49,963	55,213
31 March 1993	5,250	49,963	55,213
Depreciation			
1 April 1992	-	-	-
Charge for the year	1,050	12,491	13,541
Group transfers in	984	7,872	8,856
31 March 1993	2,034	20,363	22,397
Net book value			
31 March 1993	3,216	29,600	32,816
31 March 1992	-	-	-

## (b) Capital Commitments

At 31 March 1993 the directors had authorised capital expenditure of £Nil (1992: £Nil).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1993 (continued)

## 8. INVESTMENTS

Proportion of £1 Ordinary shares held at <u>31 March 1993</u>			1993 £	1992 £
MITIE Engineering Services (South East) Ltd	55%	Trading	10,549	10,599
MITIE Engineering Services (South West) Ltd	100%	Trading	543,428	20,400
MITIE Engineering Services (Bristol) Ltd	100%	Trading	187,766	187,766
MITIE Engineering Services (Cardiff) Ltd	75%	Trading	14,900	14,900
MITIE Engineering Services (North) Ltd	100%	Dormant	48,000	48,000
MITIE Engineering Services (Midlands) Ltd	100%	Dormant	48,000	48,000
MITIE Engineering Services (Scotland) Limited	76%	Trading	57,000	57,000
MITIE Support Services Limited	25%	Trading	25,000	-
			<u>934,643</u>	<u>386,665</u>

In April 1992, the company disposed of part of its shareholding in MITIE Engineering Services (South East) Limited. The subsidiary undertaking also issued further share capital in this month.

Consolidated financial statements for the group have not been prepared as this company is exempt under s228 of the Companies Act 1985, being a wholly owned subsidiary of another company, registered in Scotland, who have prepared consolidated financial statements for the group.

## 9. DEBTORS

	1993 £	1992 £
Value added tax	-	66
Corporation tax recoverable	17,400	-
Amounts owed by subsidiary undertakings	420,553	567,298
Other debtors	75	11,574
	<u>438,028</u>	<u>578,938</u>

Included above is the sum of £50,000 (1992: £50,000) due from subsidiary undertakings in more than one year.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1993 (continued)

10. CREDITORS: amounts falling due within one year	1993 £	1992 £
Bank overdraft	590,150	-
Amounts owed to subsidiary undertakings	176,216	159,224
Corporation tax	-	1,500
Other taxes and social security costs	4,704	-
Other creditors	25,000	25,000
Accruals and deferred income	18,568	3,492
3% Loan notes repayable 31 December 1992	-	87,420
Proposed dividends	240,000	370,000
	<u>1,054,638</u>	<u>646,636</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred  
tax  
£

1 April 1992	2,400
Transfer to profit and loss account	(2,400)
31 March 1993	<u>-</u>

The total potential deferred tax liability is as follows:

	Potential 1993 £	1992 £
Capital allowances	(2,200)	-
Other timing differences	-	2,400
	<u>(2,200)</u>	<u>2,400</u>

12. SHARE CAPITAL

Authorised and allotted share capital	Authorised		Allotted, called up and fully paid	
	1993 Number	1992 Number	1993 £	1992 £
£1 Ordinary	<u>500,000</u>	<u>500,000</u>	<u>277,722</u>	<u>277,722</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1993 (continued)

13. REVALUATION RESERVE	1993 £	1992 £	
Surplus arising on revaluation of freehold property - still held in the Group	<u>68,446</u>	<u>68,446</u>	
14. PROFIT AND LOSS ACCOUNT	£		
1 April 1992	3,002		
Retained profit for the year	<u>1,599</u>		
31 March 1993	<u>4,681</u>		
15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1993 £	1992 £	
Operating profit	194,177	369,312	
Depreciation charges	13,541	-	
Decrease/(increase) in debtors	150,348	(314,778)	
(Decrease)/increase in creditors	<u>(49,662)</u>	<u>159,586</u>	
Net cash inflow from operating activities	<u>308,404</u>	<u>214,120</u>	
16. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
	1993 £	1992 £	Change £
Cash at bank and in hand	-	32,683	(32,683)
Bank overdrafts	<u>(590,150)</u>	<u>-</u>	<u>(590,150)</u>
	<u>(590,150)</u>	<u>32,683</u>	<u>(622,833)</u>
17. FINANCIAL COMMITMENTS			
Commitments on behalf of group undertakings			
The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts.			

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1993 (continued)

## 18. EMPLOYEES

## (a) Number of employees

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

	1993 Number	1992 Number
Administration and management	4	--
(b) Employment costs	£	£
Wages	164,008	--
Social security costs	15,185	--
Other pension costs	13,807	--
	<u>193,000</u>	<u>--</u>

## 19. ULTIMATE PARENT UNDERTAKING

The directors regard MITIE Group PLC, a company incorporated 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.