

MITIE PROPERTY SERVICES LIMITED

Report and Financial Statements

31 March 2001

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



REPORT AND FINANCIAL STATEMENTS 2001

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Telling
J Ridley
W Robson
J A Telling

SECRETARIES

A F Waters
M O Thomas (resigned 4 May 2000)
C K Ross (appointed 4 May 2000)

REGISTERED OFFICE

The Stable Block
Barley Wood
Wroughton
Bristol
BS40 5SA

BANKERS

HSBC Bank plc
49 Corn Street
Bristol
BS99 7PP

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 financial year ended 31 March 2001.

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 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 certain fellow subsidiary undertakings.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £34,178 (2000: profit of £200,554). The directors do not propose the payment of a dividend (2000: £100,000). The directors recommend that the amount of £34,178 be transferred from reserves.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

D M Telling
J Ridley
W Robson
J A Telling (appointed 1 April 2000)

No director held a beneficial 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 are as follows:

	At 31 March 2001 5p Ordinary shares No.	At 1 April 2000 5p Ordinary shares No.
J Ridley	36,127	44,002
W Robson	1,002,020	1,100,020
J A Telling	32,886	34,886

Share Options

	At 1 April 2000	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2001
J Ridley (i)	10,023	1,125	£3.00	Sep 2005	Mar 2006	-	-	11,148

(i) Options under the Savings Related Option Scheme

Further details of the MITIE Group PLC Share Schemes are given in the accounts of that company.

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. At 31 March 2001 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 30 (2000: 30) 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



C K Ross
Secretary

28 January 2002

AUDITORS' REPORT TO THE MEMBERS OF

MITIE PROPERTY SERVICES LIMITED

We have audited the financial statements on pages 5 to 13 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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 2001 and of its loss 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

29 January 2002

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2001

	Notes	2001 £	2000 £
Operating income	1	1,504,933	1,627,643
Administrative expenses		(1,574,824)	(1,352,513)
OPERATING (LOSS)/PROFIT	2	(69,891)	275,130
Interest receivable	3	24,195	14,237
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(45,696)	289,367
Tax (credit)/charge on (loss)/profit on ordinary activities	4	11,518	(88,813)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(34,178)	200,554
Dividends	5	-	(100,000)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	10	(34,178)	100,554

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 2001

	Notes	£	2001 £	£	2000 £
FIXED ASSETS					
Tangible assets	6		117,621		40,679
CURRENT ASSETS					
Debtors	7	125,132		97,054	
Cash at bank and in hand		209,732		394,001	
		<u>334,864</u>		<u>491,055</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(327,379)</u>		<u>(372,450)</u>	
NET CURRENT ASSETS			<u>7,485</u>		<u>118,605</u>
NET ASSETS			<u>125,106</u>		<u>159,284</u>
CAPITAL AND RESERVES					
Called up share capital	9		2		2
Profit and loss account	10		<u>125,104</u>		<u>159,282</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	11		<u>125,106</u>		<u>159,284</u>

These financial statements were approved by the Board of Directors on 28 January 2002.

Signed on behalf of the Board of Directors


D M Telling
Director

CASH FLOW STATEMENT
Year ended 31 March 2001

	Notes	2001		2000	
		£	£	£	£
Net cash inflow from operating activities	12		81,589		393,733
Returns on investments and servicing of finance					
Interest received			23,319		14,777
Taxation					
UK corporation tax paid			(83,835)		(39,275)
Capital expenditure					
Payments to acquire tangible fixed assets		(119,298)		(25,102)	
Receipts from disposal of tangible fixed assets		13,956		-	
Net cash outflow from capital expenditure			(105,342)		(25,102)
Equity dividend paid			(100,000)		-
Cash (outflow)/inflow before financing			(184,269)		344,133
Financing					
Capital element of finance lease rental repayments			-		(1,731)
(Decrease)/increase in cash in the year	14		(184,269)		342,402

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Operating income

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

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:

Office equipment	3 to 10 years
Motor vehicles	4 years

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.

2. OPERATING (LOSS)/PROFIT is stated after charging/(crediting):	2001	2000
	£	£
Depreciation	41,126	21,119
Auditors' remuneration - audit services	2,750	1,750
(Profit)/loss on disposal of tangible fixed assets	(12,726)	2,468
	<u> </u>	<u> </u>
 3. INTEREST RECEIVABLE	 2001	 2000
	£	£
Bank interest	24,195	14,237
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

4. TAX (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK current year taxation		
UK corporation tax 30% (2000: 30%)	(11,815)	88,900
Under/(over) provision in prior year	297	(87)
	<u>(11,518)</u>	<u>88,813</u>

5. DIVIDENDS

	2001 £	2000 £
Ordinary:		
Final proposed of nil (2000: £50,000) per share	-	100,000
	<u>-</u>	<u>100,000</u>

6. TANGIBLE FIXED ASSETS

Summary	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2000	31,526	78,488	110,014
Additions	22,333	79,768	102,101
Transfers in	1,650	36,273	37,923
Disposals	(3,906)	(51,531)	(55,437)
At 31 March 2001	<u>51,603</u>	<u>142,998</u>	<u>194,601</u>
Depreciation			
At 1 April 2000	15,439	53,896	69,335
Charge for the year	10,469	30,657	41,126
Transfers in	1,054	19,672	20,726
Disposals	(2,676)	(51,531)	(54,207)
At 31 March 2001	<u>24,286</u>	<u>52,694</u>	<u>76,980</u>
Net book value			
At 31 March 2001	<u>27,317</u>	<u>90,304</u>	<u>117,621</u>
At 31 March 2000	<u>16,087</u>	<u>24,592</u>	<u>40,679</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

7. DEBTORS	2001	2000
	£	£
Amounts owed by group undertakings	66,531	66,531
Other debtors	45,910	30,523
Prepayments and accrued income	876	-
Group relief receivable	11,815	-
	<u>125,132</u>	<u>97,054</u>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2001	2000
	£	£
Trade creditors	80,194	87,348
Amounts owed to group undertakings	17,000	17,000
Corporation tax	-	83,538
Other taxes and social security costs	92,913	13,214
Accruals and deferred income	137,272	71,350
Proposed dividend	-	100,000
	<u>327,379</u>	<u>372,450</u>
9. CALLED UP SHARE CAPITAL	2001 and 2000	
	No.	£
Authorised		
£1 'A' ordinary shares	<u>1,000</u>	<u>1,000</u>
	2001	2000
	£	£
Allotted and fully paid		
2 £1 'A' ordinary shares	<u>2</u>	<u>2</u>
10. PROFIT AND LOSS ACCOUNT	£	
At 1 April 2000	159,282	
Retained loss for the year	(34,178)	
At 31 March 2001	<u>125,104</u>	

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

11.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2001 £	2000 £
	(Loss)/profit for the financial year	(34,178)	200,554
	Dividends	-	(100,000)
	Net (reduction)/addition to shareholders' funds	(34,178)	100,554
	Opening shareholders' funds	159,284	58,730
	Closing shareholders' funds	125,106	159,284

12.	RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2001 £	2000 £
	Operating (loss)/profit	(69,891)	275,130
	Depreciation charges	41,126	21,119
	(Profit)/loss on disposal of tangible fixed assets	(12,726)	2,468
	(Increase)/decrease in debtors	(15,387)	387,242
	Increase/(decrease) in creditors	138,467	(292,226)
	Net cash inflow from operating activities	81,589	393,733

13.	ANALYSIS OF CHANGES IN NET FUNDS	At 1 April 2000 £	Cash flows £	At 31 March 2001 £
	Cash at bank and in hand	394,001	(184,269)	209,732

14.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2001 £	2000 £
	(Decrease)/increase in cash in the year	(184,629)	342,402
	Cash inflow from increase in debt and lease financing	-	1,731
	Movement in net funds in the year	(184,629)	344,133
	Net funds at beginning of year	394,001	49,868
	Net funds at end of year	209,372	394,001

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

15. 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. As at 31 March 2001, the overall commitment was nil (2000: nil).

Legal claims

The company and other fellow subsidiaries, from time to time, are party to legal proceedings and claims which are in the ordinary course of business.

16. DIRECTORS

	2001 £	2000 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	<u>282,790</u>	<u>197,011</u>
Fees and emoluments above (excluding pension contributions) include amounts paid to:	£	£
Highest paid director	<u>141,508</u>	<u>135,538</u>
The accrued pension of the highest paid director at 31 March 2001 was £14,250 (2000: £12,000).		
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>3</u>	<u>2</u>

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

NOTES TO THE ACCOUNTS
Year ended 31 March 2001**17. EMPLOYEES****Number of employees**

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

	2001 No.	2000 No.
Administration and management	10	10
Employment costs	£	£
Wages and salaries	486,061	445,180
Social security costs	53,734	41,847
Other pension costs	28,283	17,226
	<u>568,078</u>	<u>504,253</u>

18. RELATED PARTY TRANSACTIONS

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

19. 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. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.