

Company Number 3787709

**Deloitte
& Touche**

MITIE BUSINESS 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
I R Stewart
C S Hale
M J Oppenheim
M J Smith

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

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 2001.

The financial statements have been made up to 31 March 2001, being the accounting reference date in accordance with Section 223 of the Companies Act 1985.

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 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 reprographic and post room facilities to banking, legal and commercial ventures.

The directors are confident that the company, after two difficult years, will trade profitably in future years.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £58,693 (2000: £69,623). The directors propose that this amount be transferred from reserves. The directors do not recommend the payment of a dividend (2000: nil).

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

D M Telling
I R Stewart
C S Hale
M J Oppenheim
M J Smith

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

The beneficial interests of the directors and their families in the share capital of the company during the year were as follows:

	At 31 March 2001 £1 'B' ordinary shares No.	At 1 April 2000 £1 'B' ordinary shares No.
M J Oppenheim	30,000	30,000
M J Smith	30,000	30,000
	Redeemable unsecured loan stock 2009 £	Redeemable unsecured loan stock 2009 £
M J Oppenheim	35,000	35,000
M J Smith	35,000	35,000

No other director held an interest in the share capital of the company.

Messrs D M Telling and I R Stewart 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:

	At 31 March 2001 5p Ordinary shares No.	At 1 April 2000 5p Ordinary shares No.
C S Hale	177,500	181,500

No other director had an interest in the share capital of MITIE Group PLC.

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 2001 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 46 (2000: 28) days.

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 handwritten signature in black ink, appearing to read 'C K Ross', written in a cursive style.

C K Ross
Secretary

20 August 2001

**AUDITORS' REPORT TO THE MEMBERS OF
MITIE BUSINESS SERVICES 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, 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
Chartered Accountants and
Registered Auditors

20 August 2001

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2001

		Continuing operations	
	Notes	1 April 2000 to 31 March 2001 £	11 June 1999 to 31 March 2000 £
TURNOVER	1	1,737,675	10,925
Cost of sales		(1,444,263)	(9,800)
GROSS PROFIT		293,412	1,125
Administrative expenses		(391,001)	(102,750)
OPERATING LOSS	2	(97,589)	(101,625)
Interest receivable	3	17,182	4,402
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(80,407)	(97,223)
Tax credit on loss on ordinary activities	4	21,714	27,600
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE FINANCIAL YEAR	11	(58,693)	(69,623)

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.

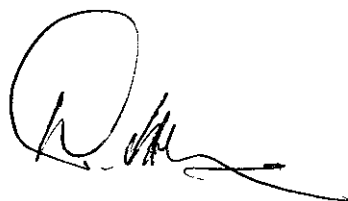
BALANCE SHEET

At 31 March 2001

	Notes	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	5	9,392	9,915
CURRENT ASSETS			
Stock	6	15,569	-
Debtors	7	804,908	47,150
Cash at bank and in hand		140,084	273,835
		<u>960,561</u>	<u>320,985</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(673,269)</u>	<u>(15,523)</u>
NET CURRENT ASSETS		<u>287,292</u>	<u>305,462</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>296,684</u>	<u>315,377</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Convertible redeemable unsecured loan stock	9	(110,000)	(70,000)
NET ASSETS		<u>186,684</u>	<u>245,377</u>
CAPITAL AND RESERVES			
Called up share capital	10	315,000	315,000
Profit and loss account	11	(128,316)	(69,623)
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	<u>186,684</u>	<u>245,377</u>

These financial statements were approved by the Board of Directors on 20 August 2001.

Signed on behalf of the Board of Directors



D M Telling
Director

CASH FLOW STATEMENT

Year ended 31 March 2001

	Notes	1 April 2000 to 31 March 2001 £	11 June 1999 to 31 March 2000 £
Net cash outflow from operating activities	13	(187,208)	(103,902)
Returns on investments and servicing of finance			
Interest received		16,902	3,465
Capital expenditure			
Payments to acquire tangible fixed assets		(3,647)	(10,728)
Receipts from disposal of tangible fixed assets		202	-
Net cash outflow from capital expenditure		(3,445)	(10,728)
Cash outflow before management of liquid resources and financing		(173,751)	(111,165)
Financing			
Issue of loan stock		40,000	70,000
Issue of ordinary share capital		-	315,000
Net cash inflow from financing		40,000	385,000
(Decrease)/increase in cash in the period	15	(133,751)	273,835

1. ACCOUNTING POLICIES

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 is stated after charging:	1 April 2000 to 31 March 2001 £	11 June 1999 to 31 March 2000 £
Depreciation	3,968	813
Auditors' remuneration - audit services	1,750	750

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

3.	INTEREST RECEIVABLE	1 April 2000 to 31 March 2001	11 June 1999 to 31 March 2000
		£	£
	Bank interest	17,182	4,402
		<u> </u>	<u> </u>
4.	TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES	1 April 2000 to 31 March 2001	11 June 1999 to 31 March 2000
		£	£
	UK current year taxation		
	Group relief	(21,663)	(27,600)
	Prior year over provision	(51)	-
		<u>(21,714)</u>	<u>(27,600)</u>
5.	TANGIBLE FIXED ASSETS		
	Summary	Office equipment	
		£	
	Cost		
	At 1 April 2000	10,728	
	Additions	3,647	
	Disposals	(214)	
		<u> </u>	
	At 31 March 2001	14,161	
	Depreciation		
	At 1 April 2000	813	
	Charge for the year	3,968	
	Disposals	(12)	
		<u> </u>	
	At 31 March 2001	4,769	
	Net book value		
	At 31 March 2001	<u>9,392</u>	
	At 31 March 2000	<u>9,915</u>	

Capital commitments

There were no capital commitments at 31 March 2001 (2000: nil).

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

6. STOCK	2001	2000
	£	£
Stocks and work in progress	<u>15,569</u>	<u>-</u>
7. DEBTORS	2001	2000
	£	£
Trade debtors	723,706	13,130
Amounts owed by group undertakings	-	3,179
Group relief receivable	49,314	27,600
Other debtors	23,987	3,241
Prepayments	<u>7,901</u>	<u>-</u>
	<u>804,908</u>	<u>47,150</u>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2001	2000
	£	£
Trade creditors	457,074	6,041
Amounts owed to group undertakings	12,168	-
Other taxes and social security costs	195,793	8,732
Other creditors	6,484	-
Accruals and deferred income	<u>1,750</u>	<u>750</u>
	<u>673,269</u>	<u>15,523</u>
9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2001	2000
	£	£
Convertible redeemable unsecured loan stock 2009	<u>110,000</u>	<u>70,000</u>

The convertible redeemable unsecured loan stock may be converted at the holder's option into fully paid ordinary shares of £1 each at any time to 31 August 2009. If the loan stock is not converted it will be redeemable at par on 1 September 2009.

The holders have confirmed that the loan stock will not be converted until after 31 March 2002.

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

10. CALLED UP SHARE CAPITAL

	2001 and 2000	
	No.	£
Authorised		
£1 'A' ordinary shares	255,000	255,000
£1 'B' ordinary shares	245,000	245,000
	<u>500,000</u>	<u>500,000</u>
	No.	£
Allotted and fully paid		
£1 'A' ordinary shares	255,000	255,000
£1 'B' ordinary shares	60,000	60,000
	<u>315,000</u>	<u>315,000</u>

Rights attached to shares

The holders of the £1 'A' ordinary shares and the £1 'B' ordinary shares are entitled to a dividend as decided by the Board. Thereafter, MITIE Group PLC, the holder of the £1 'A' ordinary shares, is entitled to one half of the company's annual profits available for distribution less the above amount already paid, together with any arrears of such cumulative dividends unpaid from any previous financial year.

Thereafter, the balance of profits available for distribution may be distributed amongst the holders of each class of share pari passu.

Both classes of shareholder have equal voting rights.

11. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2000	(69,623)
Retained loss for the year	<u>(58,693)</u>
At 31 March 2001	<u>(128,316)</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

12.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2001 £	2000 £
	Loss for the financial year	(58,693)	(69,623)
	Issue of ordinary shares	-	315,000
	Net (reduction)/addition to shareholders' funds	(58,693)	245,377
	Opening shareholders' funds	245,377	-
	Closing shareholders' funds	186,684	245,377

13.	RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	1 April 2000 to 31 March 2001 £	11 June 1999 to 31 March 2000 £
	Operating loss	(97,589)	(101,625)
	Depreciation charges	3,968	813
	Increase in stocks	(15,569)	-
	Increase in debtors	(738,068)	(18,613)
	Increase in creditors	660,050	15,523
	Net cash outflow from operating activities	(187,208)	(103,902)

14.	ANALYSIS OF CHANGES IN NET FUNDS	At 1 April 2000 £	Cash flows £	At 31 March 2001 £
	Cash at bank and in hand	273,835	(133,751)	140,084
	Loan stock	(70,000)	(40,000)	(110,000)
		203,835	(173,751)	30,084

15.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS	1 April 2000 to 31 March 2001 £	11 June 1999 to 31 March 2000 £
	(Decrease)/increase in cash in the period	(133,751)	273,835
	Increase in debt due after one year	(40,000)	(70,000)
	Net (debt)/funds at 31 March	(173,751)	203,835

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

16. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date - within one year	-	3,697	-	-
- between two and five years	-	308,557	-	-
- in over five years	-	-	-	-
	<u>-</u>	<u>312,254</u>	<u>-</u>	<u>-</u>

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).

17. DIRECTORS

	1 April 2000 to 31 March 2001 £	11 June 1999 to 31 March 2000 £
The emoluments of directors of the company were:		
Fees and other emoluments (including benefits-in-kind)	<u>138,025</u>	<u>43,600</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>-</u>	<u>-</u>

Messrs D M Telling and I R Stewart are directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts. Mr C S Hale is a director of MITIE Managed Services Limited and his emoluments and pension details are disclosed in the accounts of that company.

Where the directors are remunerated by other group companies for their services to the group as a whole, it is not practicable to allocate their remuneration between their services as directors of MITIE Business Services Limited and their services as directors of other group companies.

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

18. EMPLOYEES**Number of employees**

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

	1 April 2000 to 31 March 2001 No.	11 June 1999 to 31 March 2000 No.
Operatives	40	-
Administration and management	6	2
	<u>46</u>	<u>2</u>
Employment costs	£	£
Wages and salaries	1,039,036	71,472
Social security costs	96,448	8,014
Pensions costs	6,466	-
	<u>1,141,950</u>	<u>79,486</u>

19. RELATED PARTY TRANSACTIONS

MITIE Group PLC is an 80.95% shareholder of the company.

	Management charges provided by £	Balance at year end £
MITIE Cleaning (South East) Limited	698	-
MITIE Managed Services Limited	22,667	(12,168)

MITIE Managed Services Limited and MITIE Cleaning (South East) Limited are fellow subsidiaries of MITIE Group PLC.

20. 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.