

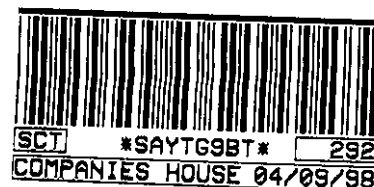


**MITIE PROPERTY SERVICES (SCOTLAND) LIMITED**  
(formerly MITIE Painting & Maintenance Services (North) Limited)

**Report and Financial Statements**

**31 March 1998**

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



**REPORT AND FINANCIAL STATEMENTS 1998**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
W Robson

**SECRETARIES**

A F Waters  
M O Thomas

**REGISTERED OFFICE**

Dovehill Farm  
180 Riverford Road  
Glasgow  
G43 2DE

**BANKERS**

The Royal Bank of Scotland plc  
Paisley Chief Office  
1 Moncrieff Street  
Paisley  
PA3 2AW

**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 1998. The company changed its name on 20 April 1998 to MITIE Property Services (Scotland) Limited.

### **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 company's principal activity was to provide comprehensive painting and maintenance services to the commercial and industrial sector.

On 31 March 1997 the company transferred its entire business to Trident Maintenance Services Limited. With effect from 7 April 1998 the company commenced trading as painting and building maintenance contractors under the name MITIE Property Services (Scotland) Limited.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £2,695 (1997: loss of £200). The directors do not propose the payment of a dividend and recommend that £2,695 be transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
W Robson

No director held a beneficial interest in the share capital of the company at the beginning or 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 1998 10p Ordinary shares No.	1 April 1997 10p Ordinary shares No.
W Robson	600,000	641,652

**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.

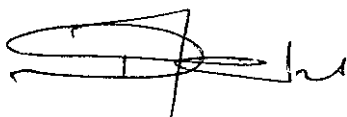
**YEAR 2000**

The company is in the process of preparing a detailed report including an assessment of our relationship with customers as well as suppliers. It covers all our internal systems, and looks into telephone, security and access systems. An action plan is being developed in order to ensure that our systems are year 2000 compliant. Costs in the year to 31 March 1998 were not significant and we estimate that further costs will not be material.

**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 AUGUST 1998



## Chartered Accountants

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

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

## AUDITORS' REPORT TO THE MEMBERS OF

### MITIE PROPERTY SERVICES (SCOTLAND) LIMITED (formerly MITIE Painting & Maintenance Services (North) 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. 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

17 August 1998

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1998**

	Notes	Continuing operations	
		1998	1997
		£	£
<b>TURNOVER</b>		-	136,369
Cost of sales		1,141	(106,023)
<b>GROSS PROFIT</b>		1,141	30,346
Administrative expenses		50	(32,801)
<b>OPERATING PROFIT/(LOSS)</b>	2	1,191	(2,455)
Interest receivable	3	2,212	2,360
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		3,403	(95)
Tax on profit/(loss) on ordinary activities	4	(708)	(105)
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>	9	2,695	(200)

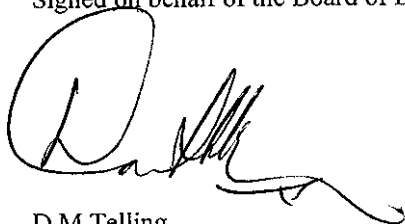
There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

**BALANCE SHEET**  
**At 31 March 1998**

	Notes	1998	1997
		£	£
<b>CURRENT ASSETS</b>			
Debtors	5	57,972	17,602
Cash at bank and in hand		-	73,868
		<u>57,972</u>	<u>91,470</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	<u>(1,047)</u>	<u>(10,240)</u>
<b>NET CURRENT ASSETS</b>		56,925	81,230
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	7	-	(27,000)
<b>NET ASSETS</b>		<u>56,925</u>	<u>54,230</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	73,000	73,000
Profit and loss account	9	(16,075)	(18,770)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>56,925</u>	<u>54,230</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



D M Telling  
 Director

14 AUGUST 1998



**CASH FLOW STATEMENT**  
**31 March 1998**

	Notes	1998 £	1997 £
<b>Net cash outflow from operating activities</b>	11	(48,934)	(6,601)
<b>Returns on investments and servicing of finance</b>			
Interest received		2,190	2,382
<b>Taxation</b>			
Corporation tax (paid)/received		(124)	6,025
<b>Capital expenditure</b>			
Receipts from group transfer of tangible fixed assets		-	13,660
<b>Cash (outflow)/inflow before management of liquid resources and financing</b>		(46,868)	15,466
<b>Financing</b>			
Repayment of convertible loan stock		(27,000)	-
<b>(Decrease)/increase in cash in the year</b>	13	<u>(73,868)</u>	<u>15,466</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**1. ACCOUNTING POLICIES**

**Accounting convention**

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

**Turnover**

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied and contract work completed in the year.

**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.

<b>2. OPERATING PROFIT/(LOSS) is stated after charging:</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Depreciation	-	611
Auditors' remuneration: audit services	(500)	500
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

<b>3. INTEREST RECEIVABLE</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	2,212	2,360
	<u>2,212</u>	<u>2,360</u>
<b>4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>UK current year taxation</b>		
UK corporation tax charge (group relief)	714	130
<b>Prior years</b>		
Adjustment to prior year tax charge	(6)	(25)
	<u>708</u>	<u>105</u>
<b>5. DEBTORS</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Trade debtors	-	14,686
Amounts owed by parent undertaking and fellow subsidiary undertakings	57,972	600
Other debtors	-	2,316
	<u>57,972</u>	<u>17,602</u>
<b>6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Trade creditors	-	5,263
Other taxes and social security costs	-	4,324
Accruals	333	523
Corporation tax	714	130
	<u>1,047</u>	<u>10,240</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1998 £	1997 £
Redeemable unsecured loan stock 2005	-	27,000

The unsecured loan stock bears no interest and was redeemed on 2 October 1997.

**8. CALLED UP SHARE CAPITAL**

Authorised	1998 No.	£
£1 'A' ordinary shares	55,000	55,000
£1 'B' ordinary shares	45,000	45,000
	<u>100,000</u>	<u>100,000</u>

Allotted and fully paid	1998 £	1997 £
£1 'A' ordinary shares	55,000	55,000
£1 'B' ordinary shares	18,000	18,000
	<u>73,000</u>	<u>73,000</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.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**9. PROFIT AND LOSS ACCOUNT**

	£
At 1 April 1997	(18,770)
Retained profit for the year	2,695
	<hr/>
At 31 March 1998	(16,075)
	<hr/> <hr/>

**10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1998 £	1997 £
Profit/(loss) for the financial year	2,695	(200)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	2,695	(200)
Opening shareholders' funds	54,230	54,430
	<hr/>	<hr/>
Closing shareholders' funds	56,925	54,230
	<hr/> <hr/>	<hr/> <hr/>

**11. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	1998 £	1997 £
Operating profit/(loss)	1,191	(2,455)
Depreciation charge	-	611
(Increase)/decrease in debtors	(40,370)	1,064
Decrease in creditors	(9,755)	(12,004)
Decrease in work in progress	-	6,183
	<hr/>	<hr/>
Net cash outflow from operating activities	(48,934)	(6,601)
	<hr/> <hr/>	<hr/> <hr/>

**12. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 April 1997 £	Cash flows £	At 31 March 1998 £
Cash at bank and in hand	73,868	(73,868)	-
Debt due after one year	(27,000)	27,000	-
	<hr/>	<hr/>	<hr/>
	46,868	(46,868)	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
 IN NET FUNDS**

	1998 £	1997 £
(Decrease)/increase in cash in the year	(73,868)	15,466
Cash inflow from decrease in debt	27,000	-
Change in net (debt)/funds resulting from cash flows	(46,868)	15,466
Net funds at 1 April	46,868	31,402
<b>Net funds at 31 March</b>	<b>-</b>	<b>46,868</b>

**14. 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 1998, the overall commitment was nil.

**15. DIRECTORS**

The directors received no emoluments during the year.

**16. EMPLOYEES**

**Number of employees**

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

	1998 No.	1997 No.
Site labour	-	2
Administration and management	-	1
	-	3
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	-	42,514
Social security costs	-	4,147
	-	46,661

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**17. RELATED PARTY TRANSACTIONS**

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

**18. 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.