

**MITIE LINDSAY LIMITED**

**Report and Financial Statements**

**31 March 2002**



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

**REPORT AND FINANCIAL STATEMENTS 2002**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
B J Cloughley  
D G Lindsay  
I R Stewart  
A J Thomson

**SECRETARIES**

C K Ross  
M O Thomas (appointed 24 June 2002)  
A F Waters (resigned 31 March 2002)

**REGISTERED OFFICE**

Dovehill Farm  
180 Riverford Road  
Glasgow  
G43 2DE

**BANKERS**

Royal Bank of Scotland  
1 Moncrieff Street  
Paisley  
Glasgow  
PA3 2AW

**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 2002.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 ACTIVITIES AND REVIEW OF THE BUSINESS**

The company's principal activities are industrial painting and joinery.

As a result of poor trading conditions, the directors undertook a strategic review, which resulted in the company being restructured. The directors are now confident that the company can move forward profitably.

**RESULTS AND DIVIDENDS**

The loss for the year after taxation amounted to £996,877 (2001: profit of £283,698). An interim dividend was not paid during the year (2001: nil) and the directors do not propose the payment of a final dividend.

**DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling	
B J Cloughley	
D G Lindsay	
A J Thomson	
I R Stewart	(appointed 31 October 2001)
J J Clifford	(resigned 25 March 2002)
A Wilkinson	(resigned 1 June 2001)

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

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

	At 31 March 2002 £1 Ordinary shares No.	At 1 April 2001 £1 Ordinary shares No.
B J Cloughley	261	261
D G Lindsay	1,637	1,637
A J Thomson	261	261

No other director held a beneficial interest in the shares 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 2002 2.5p Ordinary shares No.	At 1 April 2001 5p Ordinary shares No.
D G Lindsay	110,000	55,000

Mr D G Lindsay also holds an interest in the share capital of MITIE Hydrocat Limited. This interest is disclosed in the financial statements of that company.

On 2 April 2001 each MITIE Group PLC 5p ordinary share was subdivided into two ordinary shares of 2.5p each.

**Share Options**

	Ordinary shares At 1 April 2001	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	Ordinary shares At 31 March 2002
A J Thomson (i)	2,832	-	-	-	-	-	-	2,832
B J Cloughley (i)	-	1,296	£1.25	-	-	-	-	1,296

(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.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made no political or charitable contributions (2001: £2,154).

**DIRECTORS' REPORT (continued)**

**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 2002 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 64 days (2001: 95 days).

In the industry, in which the company operates, credit periods are frequently extended by agreement. The company's creditor days are a reflection of this custom.

**EMPLOYEES**

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their attitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company recognises the importance of good communications and employee relationships. In each company there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purpose of the business and the commercial realities of success. Employees are encouraged to become shareholders through the Savings Related Share Option Scheme.

**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



M O Thomas  
Secretary

29 June 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**MITIE LINDSAY LIMITED**

We have audited the financial statements of MITIE Lindsay Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit 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 2002 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

30 June 2002

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2002

	Notes	Continuing operations	
		2002 £	2001 £
<b>TURNOVER</b>	2	6,746,280	11,549,970
Cost of sales		(5,831,475)	(8,236,772)
<b>GROSS PROFIT</b>		914,805	3,313,198
Administrative expenses		(2,178,469)	(2,950,255)
<b>OPERATING (LOSS)/PROFIT</b>	3	(1,263,664)	362,943
Interest receivable	4	30,012	52,757
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,233,652)	415,700
Tax credit/(charge) on (loss)/profit on ordinary activities	5	236,775	(132,002)
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>	14	(996,877)	283,698

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. Accordingly no statement of total recognised gains and losses has been provided.

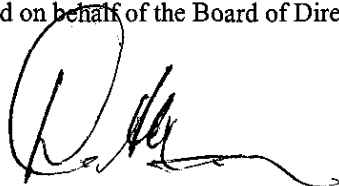


BALANCE SHEET  
At 31 March 2002

	Notes	2002		2001	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		1,275,144		1,718,330
Investments	7		2		3
			<u>1,275,146</u>		<u>1,718,333</u>
<b>CURRENT ASSETS</b>					
Stock	8	218,364		1,192,662	
Debtors	9	1,795,922		2,906,163	
Cash at bank and in hand		1,307,267		397,190	
		<u>3,321,553</u>		<u>4,496,015</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	<u>(1,183,694)</u>		<u>(1,709,639)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>2,137,859</u>		<u>2,786,376</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,413,005		4,504,709
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11		(2,787,338)		(2,787,343)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12		-		(94,822)
<b>NET ASSETS</b>			<u>625,667</u>		<u>1,622,544</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		6,522		6,522
Capital redemption reserve			2,261		2,261
Profit and loss account	14		616,884		1,613,761
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	15		<u>625,667</u>		<u>1,622,544</u>

These financial statements were approved by the Board of Directors on 29 June 2002.

Signed on behalf of the Board of Directors



D M Telling  
Director

CASH FLOW STATEMENT  
Year ended 31 March 2002

	Notes	2002		2001	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	16		426,497		535,351
<b>Returns on investments and servicing of finance</b>					
Interest received			30,429		43,757
<b>Taxation</b>					
UK corporation tax paid		(135,206)		(109,766)	
Advance corporation tax received		480,700		-	
<b>Tax received/(paid)</b>			345,494		(109,766)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(121,187)		(764,898)	
Receipts from disposal of tangible fixed assets		228,844		1,227,334	
<b>Net cash inflow from capital expenditure</b>			107,657		462,436
<b>Increase in cash in the year</b>	18		910,077		931,778

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2002****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.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost. 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 life, as follows:

Plant and machinery and fixtures and fittings	up to 14 years
Motor vehicles	4 years

**Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

**Stocks**

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

**Long-term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is included on a prudent basis to reflect the proportion of the work carried out at the period end, by recording turnover and related costs (as defined in stocks above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on all contracts in the period in which they are first foreseen.

**NOTES TO THE ACCOUNTS**

Year ended 31 March 2002

**1. ACCOUNTING POLICIES (continued)****Deferred taxation**

This is the first year of adoption of FRS 19 (Deferred Tax). FRS 19 requires full provision to be made for deferred tax, as stated below. It replaces the "partial provision" rules previously allowed under Statement of Standard Accounting Practice No. 15. This change had no material impact on the company and hence there is no restatement of the opening reserves.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

**Leasing commitments**

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

**Pension costs**

Pension costs represent amounts paid to one of the group's pension schemes. Details of schemes are given in the financial statements of MITIE Group PLC.

## NOTES TO THE ACCOUNTS

Year ended 31 March 2002

## 2. TURNOVER

Turnover which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the period, including estimates in respect of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for the contract.

Turnover is attributable to the continuing activity of contracting services. An analysis of turnover by geographical market is given below:

	2002 £	2001 £
United Kingdom	6,611,500	11,549,970
Rest of the World	134,780	-
	<u>6,746,280</u>	<u>11,549,970</u>

## 3. OPERATING (LOSS)/PROFIT is stated after charging/(crediting):

	2002 £	2001 £
Depreciation	367,694	522,539
Profit on disposal of tangible fixed assets	(32,165)	(26,187)
Auditors' remuneration:		
- audit services	815	4,000
- non-audit services	-	2,210
Hire of plant and equipment	170,701	526,654
Rentals under other operating leases	143,475	143,000
	<u>670,210</u>	<u>1,192,320</u>

## 4. INTEREST RECEIVABLE

	2002 £	2001 £
Bank deposits	<u>30,012</u>	<u>52,757</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

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

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2001: 30%). The current tax credit for the year differs from 30% (2001: charge exceeds 30%) for the reasons set out in the following reconciliation:

	2002 £	2001 £
(Loss)/Profit on ordinary activities before tax	(1,233,651)	415,700
	£	£
Tax on profit on ordinary activities at standard rate	370,095	(124,710)
Factors affecting the charge:		
Disallowable expenses	(2,810)	(5,165)
Capital allowances for period in excess of depreciation	(87,231)	(19,934)
Profit on disposal of tangible fixed assets	9,649	7,856
Utilisation of tax losses	(276,538)	-
Loss carry forward	(13,165)	-
UK corporation tax charge for the year	-	(141,953)
Deferred tax timing differences, origination and reversal	-	12,078
Adjustments in respect of prior years:		
- deferred tax	94,822	-
- corporation tax	141,953	(2,127)
<b>Tax credit/(charge) on (loss)/profit on ordinary activities</b>	<b>236,775</b>	<b>(132,002)</b>

The company is not aware of any factors that may materially affect the future tax charge.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

## 6. TANGIBLE FIXED ASSETS

	Plant and machinery, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 April 2001	3,477,810	1,013,177	4,490,987
Additions	121,187	-	121,187
Transfers out	(113,911)	(266,847)	(380,758)
Disposals	-	(311,917)	(311,917)
At 31 March 2002	<u>3,485,086</u>	<u>434,413</u>	<u>3,919,499</u>
<b>Depreciation</b>			
At 1 April 2001	2,012,918	759,739	2,772,657
Charge for the year	284,241	83,453	367,694
Transfers out	(14,422)	(201,860)	(216,282)
Disposals	-	(279,714)	(279,714)
At 31 March 2002	<u>2,282,737</u>	<u>361,618</u>	<u>2,644,355</u>
<b>Net book value</b>			
<b>At 31 March 2002</b>	<u>1,202,349</u>	<u>72,795</u>	<u>1,275,144</u>
At 31 March 2001	<u>1,464,892</u>	<u>253,438</u>	<u>1,718,330</u>

**Capital commitments**

At 31 March 2002 the directors had contracted commitments for future capital expenditure of nil (2001: nil).

## 7. INVESTMENTS

	£
<b>Cost</b>	
At 1 April 2001	3
Impairment	(1)
At 31 March 2002	<u>2</u>

The following investment exists at 31 March 2002:

	Number of ordinary shares	Proportion of share capital held %
Ablyn Limited (dormant)	2	100

Ablyn Limited is incorporated in England and Wales.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

## 7. INVESTMENTS (continued)

During the year, cost relating to the 50% holding in the share capital of Subsurface Technology Limited was written off.

The company has taken advantage of Section 228 of the Companies Act 1985 and therefore no consolidated financial statements have been prepared.

These financial statements therefore present information about the company alone. Consolidated group accounts have been prepared by the ultimate parent company, MITIE Group PLC.

The directors consider that in their opinion the aggregate value of the shares in, and amounts owed by the subsidiary is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

8. STOCKS	2002 £	2001 £
Raw materials and consumables	-	258,177
Work in progress	218,364	934,485
	<u>218,364</u>	<u>1,192,662</u>

There is no material difference between the replacement costs of stocks and the amounts as stated above.

9. DEBTORS	2002 £	2001 £
Trade debtors	1,422,712	2,049,277
Amounts owed by group undertakings	89,663	187,667
Other debtors	123,581	188,519
Corporation tax recoverable	159,966	480,700
	<u>1,795,922</u>	<u>2,906,163</u>



NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

<b>10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2002</b>	<b>2001</b>
	£	£
Trade creditors	737,925	587,133
Amounts owed to group undertakings	48,188	502,361
Corporation tax	-	117,193
Other taxation and social security	148,280	180,535
Other creditors	2,353	40,000
Accruals and deferred income	246,948	282,417
	<u>1,183,694</u>	<u>1,709,639</u>
<b>11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2002</b>	<b>2001</b>
	£	£
Amounts owed to group undertakings	<u>2,787,338</u>	<u>2,787,343</u>
<b>12. PROVISION FOR LIABILITIES AND CHARGES</b>	<b>£</b>	
At 1 April 2001	94,822	
Movement for the year	(94,822)	
As at 31 March 2002	<u>-</u>	
Deferred taxation provided in the accounts is analysed as follows:	<b>2002</b>	<b>2001</b>
	£	£
Excess capital allowances over depreciation	<u>-</u>	<u>94,822</u>
<b>13. CALLED UP SHARE CAPITAL</b>	<b>2002</b>	<b>2001</b>
	£	£
<b>Authorised</b>		
15,000 £1 Ordinary shares	<u>15,000</u>	<u>15,000</u>
	£	£
<b>Allotted, called up and fully paid</b>		
6,522 £1 Ordinary shares	<u>6,522</u>	<u>6,522</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

## 14. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2001	1,613,761
Loss for the year	(996,877)
<b>At 31 March 2002</b>	<b>616,884</b>

## 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
(Loss)/profit for the financial year	(996,877)	283,698
Net (reduction)/addition to shareholders' funds	(996,877)	283,698
Opening shareholders' funds	1,622,544	1,338,846
<b>Closing shareholders' funds</b>	<b>625,667</b>	<b>1,622,544</b>

## 16. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating (loss)/profit	(1,263,664)	362,943
Depreciation	367,694	522,539
Profit on disposal of tangible fixed assets	(32,165)	(26,187)
Decrease/(increase) in stocks	974,298	(721,410)
Decrease in debtors	1,024,258	466,154
Decrease in creditors	(643,924)	(68,688)
<b>Net cash inflow from continuing operating activities</b>	<b>426,497</b>	<b>535,351</b>

## 17. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2001 £	Cash flow £	At 31 March 2002 £
Cash at bank and in hand	397,190	910,077	1,307,267
Debt due after one year	(2,787,343)	5	(2,787,338)
	<b>(2,390,153)</b>	<b>910,082</b>	<b>(1,480,071)</b>

NOTES TO THE ACCOUNTS  
Year ended 31 March 200218. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT

	2002 £	2001 £
Increase in cash in the year	910,077	931,778
Cash outflow from decrease in debt	5	480,700
	<hr/>	<hr/>
Movement in net funds in the year	910,082	1,412,478
Net debt at the beginning of year	(2,390,153)	(3,802,631)
	<hr/>	<hr/>
Net debt at end of year	<u>(1,480,071)</u>	<u>(2,390,153)</u>

## 19. FINANCIAL COMMITMENTS

## Operating leases

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date - within one year	163,139	365	19,500	-
- between two and five years	7,000	648	40,000	3,373
- in over five years	-	-	96,000	648
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>170,139</u>	<u>1,013</u>	<u>155,500</u>	<u>4,021</u>

## Commitments on behalf of the group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts. As at 31 March 2002, the overall commitment was nil (2001: nil).

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

20. DIRECTORS	2002 £	2001 £
Emoluments	211,439	390,017
Payments to defined contribution pension schemes	21,967	17,454
	<u>233,406</u>	<u>407,471</u>
	No.	No.
Number of directors who were members of a defined contribution pension scheme	<u>3</u>	<u>4</u>
The amounts in respect of the highest paid director are as follows:	£	£
Emoluments	<u>85,700</u>	<u>106,670</u>
	£	£
Payments to defined contribution pension schemes	<u>3,859</u>	<u>5,438</u>

Messrs D M Telling and I R Stewart are directors of MITIE Group PLC, Mr J J Clifford resigned as a director of MITIE Hydrocat Limited and MITIE Group PLC on 25 March 2002. Their emoluments and pension details are disclosed in the group accounts. Where the directors are remunerated by MITIE Group PLC for their services to the group as a whole, it is not practicable to allocate their remuneration between their services as directors of MITIE Lindsay Limited and their services as directors of other group companies.

21. EMPLOYEES	2002 No.	2001 No.
Number of employees		
The average weekly number of employees during the year was as follows:		
Production staff	134	256
Management and administration staff	21	33
	<u>155</u>	<u>289</u>
Employment costs	£	£
Wages and salaries	4,308,956	6,007,730
Social security costs	273,661	557,930
Other pension costs	40,522	67,474
	<u>4,623,139</u>	<u>6,633,134</u>

**NOTES TO THE ACCOUNTS**

Year ended 31 March 2002

**22. RELATED PARTY TRANSACTIONS**

MITIE Group PLC is the holder of 4,363 ordinary shares and is a 66.9% shareholder in MITIE Lindsay Limited.

During the year the company received plant hire services of £123,328 (2001: £308,419) from companies within MITIE group on normal commercial terms. At the end of the year there was an amount of £48,188 (2001: £21,661) owed to group undertakings in respect of the above services. Tangible fixed assets of £13,829 (2001: £1,187,361) were transferred at net book value to MITIE Hydrocat Limited, a company in the MITIE group. Tangible fixed assets of a net book value of £29,897 (2001: nil) were transferred to MITIE Property Services (Scotland) Limited and £120,749 (2001: nil) to MITIE Generation Limited.

During the year the company paid management charges of £205,157 (2001: £133,597) to MITIE Property Services Limited and received management charges of £7,812 (2001: £50,400) from MITIE Hydrocat Limited.

**23. PENSION ARRANGEMENTS**

For the purposes of FRS 17, the company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme, the MITIE Group Pension Scheme, on a consistent and reasonable basis. Therefore, following full implementation of FRS 17, the company will account for contributions to the Scheme as if it were a defined contribution scheme.

**24. 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. MITIE Group plc is both the smallest and largest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.

DETAILED PROFIT AND LOSS ACCOUNT  
Year ended 31 March 2002

	2002 £	2001 £
<b>TURNOVER</b>	6,746,280	11,549,970
Cost of sales	(5,831,475)	(8,236,772)
<b>GROSS PROFIT</b>	<u>914,805</u>	<u>3,313,198</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Management charges payable	205,157	133,597
Salaries, including directors' salaries	988,498	1,269,401
Rent and rates	240,026	237,436
Light and heat	14,955	38,186
Insurance	73,802	82,859
Telephone	20,347	61,312
Postage, stationery and advertising	45,838	28,132
Entertaining	3,676	17,851
Repairs and renewals	4,215	39,738
Motor expenses	166,132	388,637
Computer services	13,973	17,792
Education and training	22,664	36,325
Subscriptions and donations	6,289	-
Bank charges	14,956	13,644
Audit fee and accountancy	815	6,210
Legal and professional	15,597	45,178
Sundry expenses	13,812	88,005
Depreciation	367,694	522,539
Profit on disposal of tangible fixed assets	(32,165)	(26,187)
	<u>(2,186,281)</u>	<u>(3,000,655)</u>
Management charges receivable	7,812	50,400
	<u>(2,178,469)</u>	<u>(2,950,255)</u>
<b>OPERATING (LOSS)/PROFIT</b>	<u>(1,263,664)</u>	<u>362,943</u>