

**MITIE HYDROCAT 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  
J J Clifford  
D G Lindsay  
I R Stewart

**SECRETARIES**

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

**REGISTERED OFFICE**

The Stable Block  
Barley Wood  
Wrighton  
Bristol  
BS40 5SA

**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 to hire contract labour and equipment in the Ultra High Pressure Pump market.

The result for the year has been disappointing, but the directors consider that, following the remedial action they have taken, the company is now positioned to develop its business.

The company has the continued support of the parent company.

**RESULTS AND DIVIDENDS**

The loss for the year after taxation amounted to £454,526 (2001: £365,222). The directors do not propose the payment of a dividend and recommend £454,526 be transferred from reserves.

**DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling	
J J Clifford	
D G Lindsay	
I R Stewart	(appointed 31 October 2001)
A Wilkinson	(resigned 1 June 2001)

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

	At 31 March 2002 £1 'C' ordinary shares No.	At 1 April 2001 £1 'C' ordinary shares No.
D G Lindsay	20,000	20,000

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

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 Lindsay 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.

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

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made no political or charitable contributions.

**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 24 days (2001: 110 days).

**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.

**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



M O Thomas  
Secretary

29 June 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MITIE HYDROCAT LIMITED**

We have audited the financial statements of MITIE Hydrocat 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	876,012	599,947
Cost of sales		(683,363)	(381,562)
<b>GROSS PROFIT</b>		192,649	218,385
Administrative expenses		(750,722)	(722,501)
<b>OPERATING LOSS</b>	3	(558,073)	(504,116)
Interest payable	4	(90,788)	(16,292)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(648,861)	(520,408)
Tax credit on loss on ordinary activities	5	194,335	155,186
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	13	(454,526)	(365,222)

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>					
Intangible assets	6		217,082		-
Tangible assets	7		2,160,912		1,922,097
Investments	8		2		217,084
			<u>2,377,996</u>		<u>2,139,181</u>
<b>CURRENT ASSETS</b>					
Stock	9	1,850		134,294	
Debtors	10	424,306		513,040	
Cash at bank and in hand		476		250	
			<u>426,632</u>	<u>647,584</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(1,844,760)</u>		<u>(1,392,469)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,418,128)</u>		<u>(744,885)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>959,868</u>		<u>1,394,296</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	12		<u>(150,742)</u>		<u>(130,644)</u>
<b>NET ASSETS</b>			<u><u>809,126</u></u>		<u><u>1,263,652</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		1,658,000		1,658,000
Profit and loss account	14		(848,874)		(394,348)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	15		<u><u>809,126</u></u>		<u><u>1,263,652</u></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 outflow from operating activities</b>	15		(319,501)		(371,560)
<b>Returns on investments and servicing of finance</b>					
Interest paid			(72,275)		(7,092)
<b>Taxation</b>					
Group relief received			302,664		29,268
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(609,739)		(2,077,314)	
Receipts from disposal of tangible fixed assets		17,350		12,449	
<b>Net cash outflow from capital expenditure</b>			(592,389)		(2,064,865)
<b>Cash outflow before financing</b>			(681,501)		(2,414,249)
<b>Financing</b>					
Issue of new shares			-		28,000
<b>Decrease in cash in the year</b>	17		(681,501)		(2,386,249)

**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.

**Intangible fixed assets**

Purchased goodwill is not amortised in the accounts on the basis that the charge would not be material. It is understood that this policy is not compliant with UK GAAP, however the directors believe this to be the most appropriate policy for the company.

**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 useful 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 year 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 year 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.

**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.

## 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 year, 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	834,139	356,204
Rest of the World	41,873	243,743
	<u>876,012</u>	<u>599,947</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

<b>3. OPERATING LOSS is stated after charging:</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Depreciation	349,723	244,182
Hire of plant and equipment	33,575	44,803
Auditors' remuneration - audit services	1,750	1,500
Rentals under other operating leases	41,386	30,000
Loss on disposal of tangible fixed assets	3,851	5,011
	<u>          </u>	<u>          </u>

<b>4. INTEREST PAYABLE</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank interest	90,788	16,292
	<u>          </u>	<u>          </u>

**5. TAX CREDIT ON LOSS 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 exceeds 30% (2001: exceeds 30%) for the reasons set out in the following reconciliation:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	(648,861)	(520,408)
	<u>          </u>	<u>          </u>
	<b>£</b>	<b>£</b>
Tax credit on loss on ordinary activities at standard rate	194,658	156,122
Factors affecting the credit:		
Disallowable expenses	(331)	(1,352)
Capital allowances for period in excess of depreciation	61,700	129,484
Profit on disposal of tangible fixed assets	(1,155)	(1,503)
	<u>          </u>	<u>          </u>
UK corporation tax group relief for the year	254,872	282,751
Deferred tax timing differences, origination and reversal	(20,098)	(127,980)
Adjustments in respect of prior years:		
Corporation tax	(40,439)	415
	<u>          </u>	<u>          </u>
<b>Tax credit on loss on ordinary activities</b>	<b>194,335</b>	<b>155,186</b>
	<u>          </u>	<u>          </u>

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. INTANGIBLE FIXED ASSETS

	Goodwill £
Transfer from investments (note 8)	217,082
<b>Net book value At 31 March 2002</b>	<u>217,082</u>
At 31 March 2001	<u>-</u>

## 7. TANGIBLE FIXED ASSETS

	Plant and machinery and fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 April 2001	2,198,037	68,423	2,266,460
Additions	595,910	-	595,910
Transfers in	-	127,176	127,176
Disposals	-	(32,676)	(32,676)
At 31 March 2002	<u>2,793,947</u>	<u>162,923</u>	<u>2,956,870</u>
<b>Depreciation</b>			
At 1 April 2001	325,548	18,815	344,363
Charge for the year	335,134	14,589	349,723
Transfers in	-	113,347	113,347
Disposals	-	(11,475)	(11,475)
At 31 March 2002	<u>660,682</u>	<u>135,276</u>	<u>795,958</u>
<b>Net book value At 31 March 2002</b>	<u>2,133,265</u>	<u>27,647</u>	<u>2,160,912</u>
At 31 March 2001	<u>1,872,489</u>	<u>49,608</u>	<u>1,922,097</u>

**Capital commitments**

At 31 March 2002 the directors had contracted commitments for future capital expenditure of nil (2001: £544,825).

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

## 8. INVESTMENTS

	£
<b>Cost</b>	
At 1 April 2001 and 31 March 2002	217,084
Transfer to Goodwill	(217,082)
	<u>2</u>

The following investments exist at 31 March 2002:

	Number of ordinary shares	Proportion of share capital held %
MDK Marine Limited	<u>2</u>	<u>100</u>

This company is incorporated in England and Wales.

The principal activity of MDK Marine Limited is that of a dormant company.

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 goodwill within MDK Marine Limited has been passed to MITIE Hydrocat Limited, and on this basis it was felt appropriate to transfer the value of the investment into goodwill. (see note 6).

## 9. STOCKS

	2002 £	2001 £
Raw materials and consumables	-	81,944
Work in progress	1,850	52,350
	<u>1,850</u>	<u>134,294</u>

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

## 10. DEBTORS

	2002 £	2001 £
Trade debtors	185,753	190,380
Amounts owed by group undertakings	22,845	-
Other debtors	30,112	53,714
Group relief recoverable	180,715	268,946
Prepayments and accrued income	4,881	-
	<u>424,306</u>	<u>513,040</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

<b>11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank overdraft	1,667,619	985,892
Trade creditors	95,664	270,126
Amounts owed to group undertakings	2,369	89,970
Other taxation and social security	21,396	8,899
Other creditors	5,497	662
Accruals and deferred income	52,215	36,920
	<u>1,844,760</u>	<u>1,392,469</u>
<b>12. PROVISION FOR LIABILITIES AND CHARGES</b>		
<b>Deferred taxation</b>	<b>£</b>	
At 1 April 2001	130,644	
Movement for the year	(20,098)	
<b>At 31 March 2002</b>	<u>150,742</u>	
Deferred taxation provided in the accounts is analysed as follows:	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Excess of capital allowances over depreciation	<u>150,742</u>	<u>130,644</u>
There are no unprovided deferred taxation amounts.		
<b>13. CALLED UP SHARE CAPITAL</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,500,000 £1 'A' ordinary shares	1,500,000	1,500,000
130,000 £1 'B' ordinary shares	130,000	130,000
370,000 £1 'C' ordinary shares	370,000	370,000
	<u>2,000,000</u>	<u>2,000,000</u>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
1,500,000 £1 'A' ordinary shares	1,500,000	1,500,000
130,000 £1 'B' ordinary shares	130,000	130,000
28,000 £1 'C' ordinary shares	28,000	28,000
	<u>1,658,000</u>	<u>1,658,000</u>



NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

## 13. CALLED UP SHARE CAPITAL (continued)

## Rights attached to shares

The holders of the £1 'A' ordinary shares, the £1 'B' ordinary shares and the £1 'C' 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.

All classes of shareholder have equal voting rights.

## 14. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2001	(394,348)
Retained loss for the year	<u>(454,526)</u>
At 31 March 2002	<u>(848,874)</u>

## 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss for the financial year	(454,526)	(365,222)
Net reduction to shareholders' funds	(454,526)	(365,222)
Opening shareholders' funds	1,263,652	1,628,874
Closing shareholders' funds	<u>809,126</u>	<u>1,263,652</u>

## 16. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating loss	(558,073)	(504,116)
Depreciation	349,723	244,182
Loss on disposal of tangible fixed assets	3,851	5,011
Decrease/(increase) in stocks	132,444	(86,919)
Decrease/(increase) in debtors	503	(186,388)
(Decrease)/increase in creditors	(247,949)	156,670
Net cash outflow from operating activities	<u>(319,501)</u>	<u>(371,560)</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

## 17. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2001 £	Cash flows £	At 31 March 2002 £
Cash at bank and in hand	250	226	476
Bank overdraft	(985,892)	(681,727)	(1,667,619)
	<u>(985,642)</u>	<u>(681,501)</u>	<u>(1,667,143)</u>

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT

	2002 £	2001 £
Net (debt)/funds at beginning of year	(985,642)	1,400,607
Decrease in cash in the year	(681,501)	(2,386,249)
Net debt at end of year	<u>(1,667,143)</u>	<u>(985,642)</u>

## 19. FINANCIAL COMMITMENTS

## Operating leases

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

Land and buildings	2002 £	2001 £
Expiry date - within one year	<u>45,094</u>	<u>28,500</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).

## 20. DIRECTORS

	2002 £	2001 £
Fees and other emoluments (excluding pension contributions)	<u>133,088</u>	<u>112,589</u>

Messrs D M Telling and I R Stewart are directors of MITIE Group PLC, Mr J J Clifford resigned as 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

NOTES TO THE ACCOUNTS  
Year ended 31 March 2002

## 21. EMPLOYEES

## Number of employees

	2002 No.	2001 No.
The average weekly number of employees during the year was as follows:		
Operations staff	11	3
Management and administration staff	3	5
	<u>14</u>	<u>8</u>
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	436,298	252,539
Social security costs	29,210	24,084
Other pension costs	-	2,019
	<u>465,508</u>	<u>278,642</u>

## 22. RELATED PARTY TRANSACTIONS

MITIE Group PLC is the holder of the 'A' ordinary shares and the 'B' ordinary shares and was a 98% shareholder of MITIE Hydrocat Limited at 31 March 2002.

MITIE Hydrocat Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

## 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.