

Company Registration Number 360065

MITIE CLEANING (SOUTH WALES) LIMITED

Report and Financial Statements

31 March 2007

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MITIE CLEANING (SOUTH WALES) LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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MITIE CLEANING (SOUTH WALES) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Baxter
M A Freeman
R McGregor-Smith
E J Manning
P W Sturland

SECRETARY

MITIE Company Secretarial Services Limited (appointed 30 June 2006)
C K Ross (resigned 30 June 2006)

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

HSBC Bank plc
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Deloitte & Touche LLP
Bristol

MITIE CLEANING (SOUTH WALES) LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the financial year ended 31 March 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 United Kingdom 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 is a majority owned subsidiary of MITIE Group PLC (the 'Group'). In the prior year the company provided cleaning services to industrial and commercial clients. On 31 March 2006 the company's trade, assets and liabilities were transferred into MITIE Cleaning & Support Services Limited. The company has not provided any goods or services in the current year and the directors are not aware of any likely major changes.

DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 March 2007. In the prior year a dividend of £192,479 was paid.

PRINCIPAL RISKS AND UNCERTAINTIES

Group risks are discussed in the Group's annual report which does not form part of this report.

FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the company. The directors do not believe there to be significant risks in this area. The company does not enter into any hedging instruments, as there are not believed to be any material exposures. It does not enter into any financial instruments for speculative purposes.

ENVIRONMENT

MITIE Group PLC and its subsidiaries endeavour to identify, monitor and manage the impact of their activities on the environment and are fully committed to environmental accountability and protection. The company operates in accordance with Group policies, which are described in the Group's annual report which does not form part of this report.

MITIE CLEANING (SOUTH WALES) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors during the year and subsequently were as follows

M A Freeman	
R McGregor-Smith	
E J Manning	
P W Sturland	
S C Baxter	(appointed 8 May 2006)
I R Stewart	(resigned 30 March 2007)

No director had a beneficial interest in the share capital of the company or any other group company during the financial year, except as disclosed below

S C Baxter, R McGregor-Smith and I R Stewart are directors of MITIE Group PLC, the parent undertaking, and their interests in and options of the share capital of that company and other group companies 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 2007 2.5p Ordinary shares No.	At 31 March 2006 2 5p Ordinary shares No.
M A Freeman	153,939	137,642
E J Manning	44,901	36,405
P W Sturland	83,593	66,988

M A Freeman, E J Manning and P W Sturland have their interests in the share capital of other group companies disclosed within the financial statements of MITIE Cleaning & Support Services Limited

Share Options

		At 2 April 2006	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2007
M A Freeman	(i)	11,164	1,951	1 65	2007	2012	1,296	1 25	11,819
	(ii)	100,000	-	-	-	-	100,000	1 32	-
E J Manning	(i)	3,685	3,903	1 65	2007	2012	1,296	1 25	6,292
P W Sturland	(i)	10,013	-	-	2010	2011	1,296	1 25	8,717
	(ii)	103,800	-	-	-	-	3,800	1 74	-
							100,000	1 32	-

- (i) Options under the Savings Related Option Scheme
(ii) Options under the Executive Share Option Scheme

Further details of the MITIE Group PLC Share Schemes are given in the financial statements of that company

MITIE CLEANING (SOUTH WALES) LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Pursuant to Section 386 Companies Act 1985, an elective resolution was passed on 14 March 2005 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche LLP are deemed to continue as auditors

Approved by the Board of Directors
and signed on behalf of the Board



S C Baxter
Director

12 July 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE CLEANING (SOUTH WALES) LIMITED

We have audited the financial statements of MITIE Cleaning (South Wales) Limited for the financial year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Emphasis of matter - Financial statements prepared on a basis other than that of going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

16 July 2007

MITIE CLEANING (SOUTH WALES) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2007 and 1 April 2006

	Note	Discontinued operations	
		2007 £	2006 £
TURNOVER	1	-	5,349,928
Cost of sales		-	(4,547,691)
GROSS PROFIT		-	802,237
Administrative expenses		-	(544,656)
OPERATING PROFIT	2	-	257,581
Interest received and similar income	3	-	2,385
Interest paid and similar charges	3	-	(2,230)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	257,736
Tax on profit on ordinary activities	4	-	(78,758)
PROFIT FOR THE FINANCIAL YEAR	9	-	178,978

There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

MITIE CLEANING (SOUTH WALES) LIMITED

BALANCE SHEET

At 31 March 2007 and 1 April 2006

	Note	2007 £	2006 £
CURRENT ASSETS			
Debtors	6	450,584	450,584
NET ASSETS			
		<u>450,584</u>	<u>450,584</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	7	1,000	1,000
Profit and loss account	8	449,584	449,584
SHAREHOLDERS' FUNDS			
	9	<u>450,584</u>	<u>450,584</u>

These financial statements were approved by the Board of Directors on 12 July 2007

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE CLEANING (SOUTH WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2007

1. ACCOUNTING POLICIES

Accounting convention

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

As explained in the directors' report, the company transferred its trade, assets and liabilities to a fellow subsidiary company on 31 March 2006 and has ceased trading. As required by FRS 18 'Accounting Policies', the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the fellow subsidiary company at their book value.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom, from the company's principal activity.

Turnover from bundled contracts consists of various components which operate independently of each other and for which reliable fair values can be established. Accordingly, each component is accounted for separately as if it were an individual contractual arrangement.

Leases

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

Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

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 the financial statements. 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.

Cash flow statement

The company has taken the exemption under Financial Reporting Standard 1 from the requirement to prepare a cash flow statement, as it is included within the consolidated financial statements of MITIE Group PLC and greater than 90% of the voting rights of the company are held by MITIE Group PLC.

MITIE CLEANING (SOUTH WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

1 ACCOUNTING POLICIES (continued)

Pension costs

The company participates in the MITIE Group PLC Pension Schemes. One is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme.

For defined contributions schemes the amount charged to the profit and loss account is the contributions payable in the year.

2. OPERATING PROFIT

	2007	2006
	£	£
Operating profit is stated after charging/(crediting)		
Amortisation	-	2,877
Depreciation	-	55,790
Operating lease rentals		
- other	-	13,000
- plant and machinery	-	1,628
Auditors' remuneration - audit services	-	3,600
Profit on disposal of tangible fixed assets	-	(1,583)
	<u> </u>	<u> </u>

Audit fees and the cost of preparing the annual return have been borne by MITIE Group plc in the current year.

3. INTEREST

	2007	2006
	£	£
Interest received and similar income		
Bank interest	-	2,385
	<u> </u>	<u> </u>
Interest paid and similar charges		
Bank interest	-	2,230
	<u> </u>	<u> </u>

MITIE CLEANING (SOUTH WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
(a) Analysis of charge		
United Kingdom corporation tax at 30% (2006 30%)	-	77,096
Adjustment in respect of prior periods	-	(64)
Total current tax (note 4(b))	<u>-</u>	<u>77,032</u>
Deferred taxation		
Timing differences - origination and reversal	-	1,392
Adjustment in respect of prior periods	-	334
Tax on profit on ordinary activities	<u>-</u>	<u>78,758</u>

(b) Factors affecting tax charge

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are as follows

	£	£
Profit on ordinary activities before tax	<u>-</u>	<u>257,736</u>
Tax at 30% (2006 30%) thereon	-	77,321
Expenses not deductible for tax purposes	-	1,167
Capital allowances in excess of depreciation	-	(985)
Profit on disposal of tangible fixed assets	-	(475)
Other timing differences	-	68
Adjustment in respect of prior periods	-	(64)
Current tax charge for the year (note 4(a))	<u>-</u>	<u>77,032</u>

(c) Factors affecting future tax charges

The expected reduction in the corporation tax rate to 28% is not anticipated to materially affect the future tax charge

MITIE CLEANING (SOUTH WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

5. DIVIDENDS

The dividends approved and paid in the year are as follows	2007	2006
	£	£
Nil (2006 £192 48) per share on £1 ordinary shares	-	192,479
	<u> </u>	<u> </u>

6. DEBTORS

	2007	2006
	£	£
Amounts owed by group undertakings	450,584	450,584
	<u> </u>	<u> </u>

Deferred tax asset

The amount charged to the profit and loss account in the financial year was nil (2006 £1,726)

7. CALLED UP SHARE CAPITAL

	2007	2006
	£	£
Authorised 250,000 £1 Ordinary shares	250,000	250,000
	<u> </u>	<u> </u>
	£	£
Allotted and fully paid 1,000 £1 Ordinary shares	1,000	1,000
	<u> </u>	<u> </u>

8. PROFIT AND LOSS ACCOUNT

	£
At 2 April 2006	449,584
Profit for the financial year	-
	<u> </u>
At 31 March 2007	<u>449,584</u>

MITIE CLEANING (SOUTH WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

9.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2007 £	2006 £
	Profit for the financial year	-	178,978
	Dividends (note 5)	-	(192,479)
	Net reduction to shareholders' funds	-	(13,501)
	Opening shareholders' funds	450,584	464,085
	Closing shareholders' funds	450,584	450,584

10. DIRECTORS

The directors received no emoluments during the financial year to 31 March 2007 in respect of services to this company

S C Baxter, R McGregor-Smith and I R Stewart are directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts M A Freeman, E J Manning and P W Stirland are remunerated by MITIE Cleaning & Support Services Limited

Four directors exercised options in the shares of the ultimate holding company, MITIE Group PLC, during the period (2006 Three directors)

11. EMPLOYEES

The company had no employees during the year to 31 March 2007 (2006 601 employees)

	2006 £	2005 £
Employment costs		
Wages and salaries	-	3,476,882
Social security costs	-	183,651
Other pension costs	-	5,549
	-	3,666,082

MITIE CLEANING (SOUTH WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

12. RELATED PARTY TRANSACTIONS

MITIE Group PLC controls 95.8% of the voting rights of MITIE Cleaning (South Wales) Limited. As such, MITIE Cleaning (South Wales) Limited has taken advantage of the exemption from the requirement under Financial Reporting Standard 8 not to disclose related party transactions with MITIE Group PLC and other companies within the group.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company of MITIE Cleaning (South Wales) Limited is MITIE Cleaning Services Limited. However, 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.