

**PLANNED MAINTENANCE
REGIONAL SERVICES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1998

Company No. 4690910

2690910

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

Company registration number: 3690910

Registered office: 12 - 14 Lombard Road
London
SW11 3AY

Directors: A C Stevens
J M Campion
E Hobbs
C N Hornby
A B Horwood
J F Howlett
J Manno
G N Tizard

Secretary: G N Tizard

Bankers: Barclays Bank plc
Thames Valley Corporate Banking Centre
60 Queens Road
Reading
RG1 4XX

Solicitors:	Rowe & Maw	Marshall
	20 Black Friars Lane	102 High Street
	London	Godalming
	EC4V 6HD	GU7 1DS

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

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PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 December 1998.

Principal activities

The company's principal activity continued to be that of maintenance and servicing of heating, air-conditioning ventilation and electrical systems until 31 December 1998. At that date the company ceased trading, all activities and all assets and liabilities transferring to the parent company, Planned Maintenance Engineering Limited.

Results and dividends

The profit for the year was £746,688 (1997: £121,822).

The directors recommend the payment of a dividend of £853,434 (1997: £nil).

The retained loss of £106,746 (1997: profit £121,822) is transferred to reserves.

Employment policies

The company continues its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

This is achieved through consultations with employee representatives.

Employment policies aim to provide equal opportunities, irrespective of sex, race, religion or marital status. Applications by disabled persons are given full and fair consideration and, wherever practicable, provision is made for their special needs. The same criteria apply to disabled persons for training, career development and promotion as to any other employee. If any employee becomes disabled, every effort is made to ensure their continued employment either by offering an alternative job or providing retraining where necessary.

Directors and their interests

The directors who served during the year were as stated below.

A C Stevens
J M Campion
E Hobbs
C N Hornby
A B Horwood
J F Howlett (appointed 5 November 1998)
J Mannon
G N Tizard

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

REPORT OF THE DIRECTORS

Directors and their interests (continued)

None of the above held shares or had any right to subscribe for shares in the company during the year. Mr A C Stevens held shares in the holding company, Planned Maintenance Engineering Limited, and his shareholding is shown in the financial statements of that company.

Political and charitable contributions

During the year the company contributed £350 (1997: £680) to charities.

Directors' responsibilities for the financial statements

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 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



G N Tizard
Secretary
8 April 1999

REPORT OF THE AUDITORS TO THE MEMBERS OF

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on pages 4 and 5.

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 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 affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**LONDON
8 APRIL 1999**

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention and include the results of the company's operations as indicated in the directors' report. The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that the consolidated financial statements of the parent company contain a cashflow statement.

TURNOVER

Turnover represents the value of sales of goods supplied and services rendered by the company in the United Kingdom excluding Value Added Tax.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover on contracts is calculated as being the costs incurred to date plus an appropriate margin.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the costs less estimated residual value of each asset over its expected useful life, as follows:

Improvements to premises	- 15% per annum reducing balance
Plant and machinery	- 15% per annum reducing balance
Computer hardware	- 25% per annum straight line
Motor vehicles	- 20% per annum straight line

LEASED ASSETS

Rentals payable under operating leases are charged to the profit and loss account as incurred.

STOCK

Stock is valued at the lower of cost and net realisable value.

LONG TERM CONTRACTS

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account.

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES

PENSIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

DEFERRED TAXATION

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 DECEMBER 1998

	Note	1998 £	1997 £
Turnover	1	29,643,980	26,024,001
Cost of sales		<u>23,459,590</u>	<u>20,952,941</u>
Gross profit		6,184,390	5,071,060
Administrative expenses		<u>4,832,702</u>	<u>4,764,663</u>
Operating profit	2	1,351,688	306,397
Interest payable and similar charges	6	<u>-</u>	<u>184,575</u>
Profit on ordinary activities before taxation		1,351,688	121,822
Tax on profit on ordinary activities	7	<u>605,000</u>	<u>-</u>
Profit on ordinary activities after taxation		746,688	121,822
Dividends	8	<u>853,434</u>	<u>-</u>
Retained (loss)/profit for the year	15	<u>(106,746)</u>	<u>121,822</u>

The company ceased to trade at 31 December 1998.

All recognised gains and losses are included in the profit and loss account.

The accompanying accounting policies and notes form an integral part of these financial statements.

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

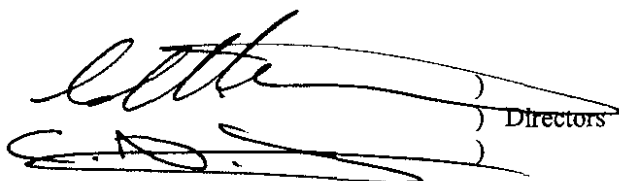
BALANCE SHEET AT 31 DECEMBER 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	9	-	310,075
Current assets			
Stock	10	-	321,155
Debtors	11	10,000	7,404,721
Cash at bank and in hand		-	35,820
		<u>10,000</u>	<u>7,761,696</u>
Creditors: amounts falling due within one year	12	<u>-</u>	<u>7,955,025</u>
Net current assets/(liabilities)		<u>10,000</u>	<u>(193,329)</u>
Total assets less current liabilities		<u>10,000</u>	<u>116,746</u>
Capital and reserves			
Called up share capital	13	10,000	10,000
Profit and loss account	14	-	106,746
Shareholders' funds	15	<u>10,000</u>	<u>116,746</u>

The financial statements were approved by the Board of Directors on 8 April 1999.

A C Stevens

C N Hornby



Directors

The accompanying accounting policies and notes form an integral part of these financial statements.

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

1 TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

2 OPERATING PROFIT

	1998 £	1997 £
Operating profit is stated after charging:		
Depreciation of tangible assets	66,328	65,218
Depreciation recharged	-	(52,517)
Hire of plant and machinery	10,473	7,946
Operating lease rentals	577,253	606,171
Auditors' remuneration	8,000	8,000
Non-audit fee - former auditors	-	8,054

3 EMPLOYEES

Number of employees

The average weekly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Administration and management	87	97
Production	411	391
	<u>498</u>	<u>488</u>
	£	£
Employment costs		
Wages and salaries	9,305,311	8,402,187
Social security costs	814,172	753,830
Other pension costs	205,757	233,459
	<u>10,325,240</u>	<u>9,389,476</u>

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

4 DIRECTORS' EMOLUMENTS

	1998 £	1997 £
Remuneration	<u>233,239</u>	<u>213,355</u>

Included within the above is £22,043 (1997: £17,430) paid in respect of contributions to a defined benefit plan.

	1998 £	1997 £
Emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The highest-paid director - emoluments	<u>67,011</u>	<u>62,994</u>
- pension contributions	<u>6,341</u>	<u>6,871</u>

During the year 4 directors (1997: 4 directors) participated in defined benefit pension schemes and 1 director (1997: 1 director) participated in money purchase schemes.

5 PENSION COSTS

The company operates a pension scheme providing benefits based on final salary. The assets of the scheme are held separately from those of the company being invested with insurance companies.

The total pension cost for the company was £205,757 (1997: £233,459).

The company is a member of the group pension scheme whereby the contributions are based upon pension costs across the group as a whole. Actuarial valuation details can be found in the financial statements of Planned Maintenance Engineering Limited.

6 INTEREST PAYABLE

	1998 £	1997 £
On bank overdrafts	<u>-</u>	<u>184,575</u>

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

7 TAXATION

	1998 £	1997 £
UK corporation tax at 31% (1997: 31%)	430,000	-
Group relief compensation	175,000	-
	<u>605,000</u>	<u>-</u>

8 DIVIDENDS

	1998 £	1997 £
Dividends paid and proposed	<u>853,434</u>	<u>-</u>

9 TANGIBLE FIXED ASSETS

	Improvements to premises Freehold £	Plant and machinery £	Computer hardware £	Motor vehicles £	Total £
Cost					
At 1 January 1998	188,149	201,101	189,425	74,547	653,222
Additions	1,150	9,682	28,487	47,596	86,915
Disposals	-	(324)	(493)	(13,711)	(14,528)
Transfers to group companies	<u>(189,299)</u>	<u>(210,459)</u>	<u>(217,419)</u>	<u>(108,432)</u>	<u>(725,609)</u>
At 31 December 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation					
At 1 January 1998	57,525	120,938	115,224	49,460	343,147
Disposals	-	-	(144)	(5,360)	(5,504)
Transfers to group companies	<u>(65,296)</u>	<u>(133,740)</u>	<u>(146,399)</u>	<u>(58,536)</u>	<u>(403,971)</u>
Charge for year	<u>7,771</u>	<u>12,802</u>	<u>31,319</u>	<u>14,436</u>	<u>66,328</u>
At 31 December 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value					
At 31 December 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1997	<u>130,624</u>	<u>80,163</u>	<u>74,201</u>	<u>25,087</u>	<u>310,075</u>

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

10 STOCK

	1998 £	1997 £
Raw materials and consumables	<u>-</u>	<u>321,155</u>

11 DEBTORS

	1998 £	1997 £
Amount owed by parent undertaking	10,000	-
Trade debtors	-	5,523,727
Amounts recoverable on long term contracts	-	1,693,000
Other debtors	-	145,685
Prepayments and accrued income	<u>-</u>	<u>42,309</u>
	<u>10,000</u>	<u>7,404,721</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank loans and overdrafts	-	31,781
Trade creditors	-	2,738,392
Amounts owed to group undertakings	-	3,930,302
Other taxes and social security	-	889,128
Other creditors	-	249,650
Accruals and deferred income	<u>-</u>	<u>115,772</u>
	<u>-</u>	<u>7,955,025</u>

13 SHARE CAPITAL

	1998 £	1997 £
Authorised 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

14 PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Retained profit/(loss) at 1 January 1998	106,746	(15,076)
Retained loss for the year	<u>(106,746)</u>	<u>121,822</u>
Retained profit at 31 December 1998	<u>-</u>	<u>106,746</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
(Loss)/profit for the financial year	<u>(106,746)</u>	<u>121,822</u>
Net addition to shareholders' funds	(106,746)	121,822
Shareholders' funds at 1 January 1998	<u>116,746</u>	<u>(5,076)</u>
Shareholders' funds at 31 December 1998	<u>10,000</u>	<u>116,746</u>

16 FINANCIAL COMMITMENTS

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1998 £	1997 £	1998 £	1997 £
Expiry date:				
Within one year	-	4,000	-	47,448
Between two and five years	<u>-</u>	<u>32,375</u>	<u>-</u>	<u>522,414</u>
	<u>-</u>	<u>36,375</u>	<u>-</u>	<u>569,862</u>

PLANNED MAINTENANCE REGIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

17 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent company is *Planned Maintenance Engineering Limited*, a company registered in England and Wales, by virtue of its 100% interest in the share capital of the company. *Planned Maintenance Engineering Limited* is the only company preparing group financial statements.

The company is exempt under FRS8 from disclosing transactions with other group undertakings as a 100% owned subsidiary.