

**BUILDING ENVIRONMENTAL
HYGIENE LIMITED**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1998

Company No. 2404092

BUILDING ENVIRONMENTAL HYGIENE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

Company registration number: 2404092

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

Directors: A C Stevens
W McDuell
J F Howlett
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's
	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

BUILDING ENVIRONMENTAL HYGIENE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 12

BUILDING ENVIRONMENTAL HYGIENE 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 continues to be that of building hygiene services.

Results and dividends

The profit for the year was £176,368 (1997: loss £101,535).

The directors do not recommend the payment of a dividend (1997: £nil).

The retained profit of £176,368 (1997: loss £101,535) 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 F Howlett (appointed 5 November 1998)
W McDuell
G N Tizard

None of the above held 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.

BUILDING ENVIRONMENTAL HYGIENE LIMITED

REPORT OF THE DIRECTORS

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 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.

Year 2000 Compliance

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's customers and suppliers.

The company is in the process of assessing the risks resulting from this issue. When the analysis is complete, the company will consider the likely impact on the business, develop action plans to deal with the key risks, and estimate the costs to be incurred.

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
BUILDING ENVIRONMENTAL HYGIENE LIMITED**

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting standards 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 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 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**

BUILDING ENVIRONMENTAL HYGIENE 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, all of which are continuing. The principal accounting policies have remained unchanged from last year and are as set out below.

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 cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	- 25% per annum straight line
Fixtures, fittings and equipment	- 15% per annum reducing balance
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.

BUILDING ENVIRONMENTAL HYGIENE 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.

BUILDING ENVIRONMENTAL HYGIENE LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 DECEMBER 1998

	Note	1998 £	1997 £
Turnover	1	2,079,999	1,603,614
Cost of sales		<u>1,437,648</u>	<u>1,278,512</u>
Gross profit		642,351	325,102
Administrative expenses		<u>638,983</u>	<u>455,111</u>
Operating profit/(loss)	2	3,368	(130,009)
<i>Interest payable and similar charges</i>	6	<u>-</u>	<u>16,526</u>
Profit/(loss) on ordinary activities before taxation		3,368	(146,535)
Tax on profit on ordinary activities	7	<u>173,000</u>	<u>45,000</u>
Retained profit/(loss) for the year	13	<u><u>176,368</u></u>	<u><u>(101,535)</u></u>

All transactions arise from continuing operations.

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

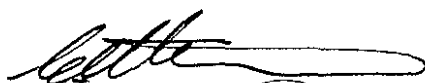
The accompanying accounting policies and notes form an integral part of these financial statements.

BUILDING ENVIRONMENTAL HYGIENE LIMITED**BALANCE SHEET AT 31 DECEMBER 1998**

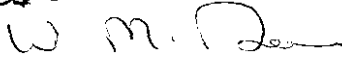
	Note	1998 £	1997 £
Fixed assets			
Tangible assets	8	13,758	15,570
Current assets			
Stock	9	11,717	14,677
Debtors	10	499,758	353,390
Cash at bank and in hand		<u>3,745</u>	<u>4,060</u>
		515,220	372,127
Creditors: amounts falling due within one year	11	<u>517,833</u>	<u>(552,920)</u>
Net current liabilities		<u>(2,613)</u>	<u>(180,793)</u>
Total assets less current liabilities		<u>11,145</u>	<u>(165,223)</u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Profit and loss account	13	<u>1,145</u>	<u>(175,223)</u>
Shareholders' funds	14	<u>11,145</u>	<u>(165,223)</u>

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

A C Stevens



W T McDuell



)
) Directors
)

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

BUILDING ENVIRONMENTAL HYGIENE 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/(LOSS)

Operating profit/(loss) is stated after charging:

	1998 £	1997 £
Depreciation of tangible assets	3,022	3,349
Hire of plant and equipment	3,291	1,416
Operating lease rentals	52,789	48,354
Auditors' remuneration	1,850	2,000
Non-audit fees - former auditors	-	4,594
	<u> </u>	<u> </u>

3 EMPLOYEES

Number of employees

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

	1998 Number	1997 Number
Administration and management	11	6
Production	29	31
	<u>40</u>	<u>37</u>
	£	£
Employment costs		
Wages and salaries	728,909	646,348
Social security costs	65,193	55,525
Other pension costs	43,077	22,120
	<u>837,179</u>	<u>723,993</u>

BUILDING ENVIRONMENTAL HYGIENE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

4 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments during the year (1997: £nil).

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 £43,077 (1997: £22,120).

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 AND SIMILAR CHARGES

	1998 £	1997 £
On bank overdrafts	<u>-</u>	<u>16,526</u>

7 TAXATION

	1998 £	1997 £
UK corporation tax at 31% (1997: 31%)	(2,000)	-
Group relief compensation	<u>175,000</u>	<u>45,000</u>
	<u>173,000</u>	<u>45,000</u>

BUILDING ENVIRONMENTAL HYGIENE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1998

8 TANGIBLE ASSETS

	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 1998	18,168	22,788	40,956
Additions	<u>1,210</u>	<u>-</u>	<u>1,210</u>
At 31 December 1998	<u>19,378</u>	<u>22,788</u>	<u>42,166</u>
Depreciation			
At 1 January 1998	15,165	10,221	25,386
Charge for year	<u>1,137</u>	<u>1,885</u>	<u>3,022</u>
At 31 December 1998	<u>16,302</u>	<u>12,106</u>	<u>28,408</u>
Net book value			
At 31 December 1998	<u>3,076</u>	<u>10,682</u>	<u>13,758</u>
At 31 December 1997	<u>3,003</u>	<u>12,567</u>	<u>15,570</u>

9 STOCKS

	1998 £	1997 £
Raw materials and consumables	<u>11,717</u>	<u>14,677</u>

BUILDING ENVIRONMENTAL HYGIENE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 1998

10 DEBTORS

	1998 £	1997 £
Trade debtors	409,184	260,932
Amounts recoverable on long term contracts	72,000	66,000
Amounts owed by group companies	-	9,711
Tax and social security	-	1,869
Others	17,750	12,303
Prepayments	824	2,575
	<u>499,758</u>	<u>353,390</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank loans and overdrafts	26,893	301,013
Trade creditors	130,203	144,733
Amounts owed to group undertakings	225,012	-
Corporation tax	2,000	-
Other taxes and social security	9,604	20,954
Other creditors	114,090	79,000
Accruals	10,031	7,220
	<u>517,833</u>	<u>552,920</u>

12 SHARE CAPITAL

	1998 £	1997 £
Authorised 250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

BUILDING ENVIRONMENTAL HYGIENE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 1998

13 PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Retained (loss) at 1 January 1998	(175,223)	(73,688)
Retained profit/(loss) for the year	<u>176,368</u>	<u>(101,535)</u>
Retained profit/(loss) at 31 December 1998	<u><u>1,145</u></u>	<u><u>(175,223)</u></u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit/(loss) for the financial year	176,368	(101,535)
Shareholders' funds at 1 January 1998	<u>(165,223)</u>	<u>(63,688)</u>
Shareholders' funds at 31 December 1998	<u><u>11,145</u></u>	<u><u>(165,223)</u></u>

15 FINANCIAL COMMITMENTS

At 31 December 1997 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	-	-	1,974	5,292
Between two and five years	-	-	68,721	43,399
In over five years	<u>1,925</u>	<u>1,925</u>	<u>-</u>	<u>-</u>
	<u><u>1,925</u></u>	<u><u>1,925</u></u>	<u><u>70,695</u></u>	<u><u>48,691</u></u>

16 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.