

Company Registration Number 1006742

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

Report and Financial Statements

31 March 2008

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MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Baxter
J Beardsley
J F Davis
D Freeman
K Loveridge
R McGregor-Smith
A R Moyes
P B C Williams

SECRETARY

MITIE Company Secretarial Services Limited

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 ENGINEERING SERVICES (BRISTOL) LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2008

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 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 wholly owned subsidiary of MITIE Group PLC (the 'Group'). The company provides the design and installation of electrical and mechanical services in domestic, commercial and industrial premises. There have not been any significant changes in the company's principal activities in the year under review and the directors are not aware of any likely major changes.

As shown in the profit and loss account on page 6 turnover has increased by 26% on the prior year and the profit after tax has also increased.

The balance sheet on page 7 of the financial statements shows a 38% reduction in net asset terms compared to the prior year.

The Group manages its operations on a divisional basis. For this reason, the company's directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the business. The performance of the Group's divisions is discussed in the Group's annual report which does not form part of this report.

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

DIRECTORS' REPORT (continued)

DIVIDENDS

A dividend of £16,900 70 (2007 £1,917 63) per ordinary share was approved and paid during the year

PRINCIPAL RISKS AND UNCERTAINTIES

Loss of key customers is a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

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.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall MITIE Group PLC financing arrangements.

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 to the supplier's standard terms. As at 31 March 2008 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 77 days (2007 69 days).

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.

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 aptitudes 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.

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors during the year and subsequently were as follows

C Acheson (resigned 2 October 2007)
S C Baxter
J Beardsley
J F Davis
D Freeman
K Loveridge
R McGregor-Smith
A R Moyes
P B C Williams

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

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

S C Baxter
Director

17 July 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

We have audited the financial statements of MITIE Engineering Services (Bristol) Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 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 in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 March 2008 and of its profit 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.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

17 July 2008

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2008

	Note	Continuing operations	
		2008	2007
		£	£
TURNOVER	1	17,080,202	13,566,736
Cost of sales		(13,913,783)	(10,779,005)
GROSS PROFIT		3,166,419	2,787,731
Administrative expenses		(2,496,993)	(2,303,879)
OPERATING PROFIT	2	669,426	483,852
Interest received and similar income	3	878	25,744
Interest paid and similar charges	3	(36,825)	(83)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		633,479	509,513
Tax on profit on ordinary activities	4	(187,730)	(130,221)
PROFIT FOR THE FINANCIAL YEAR	12	445,749	379,292

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 ENGINEERING SERVICES (BRISTOL) LIMITED

BALANCE SHEET
At 31 March 2008

	Note	2008		2007	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		306,397		142,581
CURRENT ASSETS					
Stocks	7	2,180		25,897	
Debtors	8	4,835,189		4,127,763	
Cash at bank and in hand		185		185	
		<u>4,837,554</u>		<u>4,153,845</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	9	<u>(4,092,237)</u>		<u>(2,587,736)</u>	
NET CURRENT ASSETS			<u>745,317</u>		<u>1,566,109</u>
NET ASSETS			<u>1,051,714</u>		<u>1,708,690</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	10		66		66
Capital contribution reserve	11		76,701		63,980
Profit and loss account	12		974,947		1,644,644
TOTAL SHAREHOLDERS' FUNDS	13		<u>1,051,714</u>		<u>1,708,690</u>

These financial statements were approved by the Board of Directors on 17 July 2008

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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 office equipment	3 to 10 years
Motor vehicles	4 years
Short leasehold property	5 years

Leasing and hire purchase commitments

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

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 less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

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 is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

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 by 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 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.

Pension costs

The company participates in the MITIE Group PLC Pension Scheme. This 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 contribution schemes, the amount charged to the profit and loss account is the contribution payable in the year.

Share-based payments

The company participates in a number of MITIE Group PLC executive and employee share option schemes. For all grants of share options, the fair value as at the date of grant is calculated using the Black-Scholes model and the corresponding expense is recognised on a straight-line basis over the vesting period based on the company's estimate of shares that will actually vest.

Cash flow statement

The company has taken the exemption 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 ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

2. OPERATING PROFIT

	2008	2007
	£	£
Operating profit is stated after charging/(crediting)		
Depreciation on owned assets	71,245	79,915
Operating lease rentals - land and buildings	54,000	54,000
Auditors' remuneration - audit services	6,050	6,050
Profit on disposal of tangible fixed assets	(27,331)	(10,927)

Fees payable to Deloitte & Touche LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis

3. INTEREST

	2008	2007
	£	£
Interest received and similar income		
Bank interest	865	25,744
Other interest	13	-
	<u>878</u>	<u>25,744</u>
 Interest paid and similar charges	 £	 £
Bank interest	36,707	83
Other interest	118	-
	<u>36,825</u>	<u>83</u>

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
(a) Analysis of charge in year		
United Kingdom corporation tax at 30% (2007 30%)	172,586	152,584
Adjustment in respect of prior years	(152)	(1,023)
Total current tax (note 4(b))	172,434	151,561
Deferred taxation		
Timing differences - origination and reversal	12,333	(19,796)
Increase in tax rate	2,263	-
Adjustment in respect of prior years	700	(1,544)
Tax on profit on ordinary activities	187,730	130,221

(b) Factors affecting tax charge in year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2007 30%) The differences are as follows

	£	£
Profit on ordinary activities before tax	633,479	509,513
	£	£
Tax at 30% thereon	190,044	152,854
Expenses not allowable/(allowable) for tax purposes	14,623	(20,066)
Difference between capital allowances and depreciation	(12,007)	897
Relief in respect of employee share options	(19,748)	-
Movement in short-term timing differences	(326)	18,899
Adjustment in respect of prior years	(152)	(1,023)
Current tax charge for the year (note 4(a))	172,434	151,561

(c) Factors affecting future tax charges

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

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

5 DIVIDENDS

The dividends approved and paid in the year are as follows

	2008 £	2007 £
£16,900 70 (2007 £1,917 63) per share on £1 ordinary shares	1,115,446	126,564

6. TANGIBLE FIXED ASSETS

	Short leasehold property £	Plant £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2007	-	2,403	98,980	358,090	459,473
Additions	173,642	-	21,341	50,166	245,149
Disposals	-	-	(705)	(124,223)	(124,928)
At 31 March 2008	173,642	2,403	119,616	284,033	579,694
Depreciation					
At 1 April 2007	-	2,009	73,969	240,914	316,892
Charge for the year	-	317	13,830	57,475	71,622
Disposals	-	-	(61)	(115,156)	(115,217)
At 31 March 2008	-	2,326	87,738	183,233	273,297
Net book value					
At 31 March 2008	173,642	77	31,878	100,800	306,397
At 31 March 2007	-	394	25,011	117,176	142,581

Capital commitments

At 31 March 2008 the directors had no authorised capital expenditure (2007 nil)

7. STOCKS

	2008 £	2007 £
Work in progress	2,180	25,897

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

8. DEBTORS	2008 £	2007 £
Trade debtors	4,596,014	3,933,687
Amounts recoverable on contracts	115,195	41,614
Amounts owed by group undertakings	76,129	86,885
Prepayments and accrued income	13,500	14,107
Deferred tax asset	31,674	46,970
Other debtors	2,677	4,500
	<u>4,835,189</u>	<u>4,127,763</u>

A net deferred tax asset of £31,674 has been recognised at 31 March 2008 (2007 £46,970). This asset relates to negative accelerated capital allowances, share-based payments and other timing differences. The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse. The amount debited to the profit and loss account in the year was £15,296 (2007 £21,340 credit).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2008 £	2007 £
Bank overdraft	449,627	252,768
Payments on account	9,580	2,183
Trade creditors	2,754,875	1,915,536
Amounts owed to group undertakings	234,832	60,589
Corporation tax	84,960	87,750
Other taxes and social security costs	320,989	78,460
Other creditors	17,934	4,172
Accruals and deferred income	219,440	186,278
	<u>4,092,237</u>	<u>2,587,736</u>

10. CALLED UP SHARE CAPITAL	2008 £	2007 £
Authorised		
100 £1 ordinary shares	<u>100</u>	<u>100</u>
	£	£
Allotted, called up and fully paid		
66 £1 ordinary shares	<u>66</u>	<u>66</u>

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

11. CAPITAL CONTRIBUTION RESERVE

	£
At 1 April 2007	63,980
Increase for the financial year	12,721
At 31 March 2008	76,701

12. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2007	1,644,644
Profit for the financial year	445,749
Dividends (note 5)	(1,115,446)
At 31 March 2008	974,947

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	445,749	379,292
Dividends (note 5)	(1,115,446)	(126,564)
Change in capital contribution reserve	12,721	63,980
Net (reduction)/addition to shareholders' funds	(656,976)	316,708
Opening shareholders' funds	1,708,690	1,391,982
Closing shareholders' funds	1,051,714	1,708,690

14. FINANCIAL COMMITMENTS

Performance commitments

The company had no outstanding performance bonds at 31 March 2008 (2007 nil)

Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts and loans. As at 31 March 2008, the overall commitment was £50 million (2007 £20 million)

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

15. DIRECTORS

	2008 £	2007 £
The emoluments of directors of the company were		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	427,665	388,848
Fees and emoluments disclosed above (excluding pension contributions) include amounts paid to	£	£
The highest paid director	113,650	99,191
The accrued pension benefit of the highest paid director was £14,233 (2007 £12,434)		
	No.	No.
The number of directors who were members of a defined benefit pension scheme	5	5

S C Baxter and R McGregor-Smith are directors of MITIE Group PLC. All disclosures relating to their emoluments, pension details and share options are disclosed in the group accounts. It is not practicable to allocate their remuneration between their services as directors of MITIE Engineering Services (Bristol) Limited and their services as directors of other group companies. D Freeman is remunerated by MITIE Engineering Services Limited for his services to the group as a whole. It is not practicable to allocate his remuneration between his services as a director of MITIE Engineering Services (Bristol) Limited and his services as a director of other group companies.

No other director exercised options in the shares of the ultimate group company, MITIE Group PLC, during the year (2007 four directors).

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

16 EMPLOYEES

Number of employees

The average number of persons (including directors) employed by the company during the year was

	2008 No.	2007 No.
Site labour	53	52
Administration and management	41	36
	<u>94</u>	<u>88</u>

Employment costs

	£	£
Wages and salaries	3,471,522	2,977,693
Social security costs	362,986	315,108
Pension costs	93,026	89,312
Share-based payments (see note 17)	12,721	63,980
	<u>3,940,255</u>	<u>3,446,093</u>

17. SHARE-BASED PAYMENTS

The company participates in the following MITIE Group PLC share option schemes

The MITIE Group PLC 2001 Executive share option scheme

The Executive share option scheme is open to all employees. The exercise price is equal to the market value of the shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the Group. Before options can be exercised, the performance condition that must be satisfied is that the percentage growth in the earnings per share over a three-year period must be equal or greater than 10.0% per annum compound in respect of awards prior to 26 July 2007 and 4.0% above the Retail Price per annum thereafter.

The MITIE Group PLC 2001 Savings related share option scheme

The Savings related share option scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the scheme are issued. The vesting period is five years. If the options remain unexercised after a period of five years and nine months from the date of grant, the options expire. Options may be forfeited if the employee leaves the Group.

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

17. SHARE-BASED PAYMENTS (continued)

Details of the share options outstanding during the year are as follows

	2008		2007	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of the period ⁽¹⁾	448,025	135	471,276	123
Granted during the period	44,369	220	102,621	173
Forfeited during the period	(26,385)	120	(37,509)	139
Transferred to Group subsidiaries during the period	(161,353)	143	-	-
Exercised during the period	(48,775)	110	(88,363)	114
Outstanding at end of the period ⁽¹⁾	255,881	151	448,025	135
Exercisable at end of the period	-	-	42,080	146

⁽¹⁾ Included within this balance are nil (2007 99,179) options that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20. Their exercise prices range from 57p to 174p (2007 57p to 174p).

The company recognised the following expenses related to share-based payments

	2008 £	2007 £
2001 Executive share options	(4,330)	15,892
2001 Saving related share options	17,051	48,088
	12,721	63,980

The weighted average share price at the date of exercise for share options exercised during the period was 264p (2007 214p)

The options outstanding at 31 March 2008 had a weighted average exercise price of 151p (2007 135p) and a weighted average remaining contractual life of 3.06 years (2007 3.70 years)

In the year ended 31 March 2008, options were granted in July and August 2007 in respect of the Executive and Savings related share option schemes respectively. The aggregate of the estimated fair values of the options granted on those dates is £17,420.

MITIE ENGINEERING SERVICES (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

17. SHARE-BASED PAYMENTS (continued)

The fair value of options is measured by use of the Black-Scholes model. The inputs into the Black-Scholes model are as follows:

	2008	2007
Share price (p)	133 to 230	130 to 193
Exercise price (p)	120 to 254	120 to 191
Expected volatility (%)	27 to 30	28 to 30
Expected life (years)	4 to 5	4 to 6
Risk-free rate (%)	4.17 to 5.25	4.17 to 5.12
Expected dividends (%)	1.43 to 2.29	1.43 to 2.29

Expected volatility was based on historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

18. PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This 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. Note 34 to the Report and Accounts of the group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension surplus of £9.9 million (2007: £0.5 million).

Contributions to the scheme for the period are shown in note 16 and the agreed contribution rate for the next 12 months is 10% (2007: 10%) and 7.5% (2007: 7.5%) for the group and employees respectively.

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of MITIE Group PLC, MITIE Engineering Services (Bristol) Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

20. ULTIMATE 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 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.