

Company Registration Number 01013210

MITIE SECURITY LIMITED

Report and Financial Statements

Year ended 31 March 2013

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# **MITIE SECURITY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

Year ended 31 March 2013

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## **MITIE SECURITY LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R D Forsyth  
M A Freeman  
R McGregor-Smith  
S C Baxter  
J S Tomlin

#### **SECRETARY**

MITIE Company Secretarial Services Limited

#### **REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emersons Green  
Bristol  
BS16 7FH

#### **BANKERS**

Barclays Bank Plc  
PO Box 119  
Park House  
Stoke Gifford  
BS34 8TN

#### **AUDITOR**

Deloitte LLP  
London

## **MITIE SECURITY LIMITED**

### **DIRECTORS' REPORT**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 acts as a provider of a mix of Security services to keep people, buildings and assets safe. On 1 November 2012, the trade and liabilities of MITIE Security Systems Limited, totalling a fair value of £1,248,000 were hived across into the company for a consideration of £1. This resulted in Goodwill of £1,248,000 being recognised in respect of the excess of the consideration and fair value of liabilities transferred.

The company's profit and loss account is shown on page 8. The profit after tax is £7,686,000 (2012: £7,213,000). This is a strong result in a challenging 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.

#### **DIVIDENDS**

Dividends for each share class were declared as follows:

Ordinary shares: £605.24 per share (2012: £212.27)

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

## **DIRECTORS' REPORT (continued)**

### **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.

### **GOING CONCERN**

The company was profitable in the year. The directors have considered the forecast and budgeted profit and associated cash flows for the foreseeable future, being the period not less than 12 months from the date of signing of these financial statements. The directors have considered the facilities available to the entity and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it appropriate to adopt the going concern basis in the preparation of the company's financial statements.

### **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 2013, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 35 days (2012: 25 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 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**

The directors during the year and subsequently were as follows:

R D Forsyth

M A Freeman

R McGregor-Smith (Appointed 19 September 2012)

S C Baxter (Appointed 19 September 2012)

J S Tomlin

## **DIRECTORS' REPORT (continued)**

### **AUDITOR**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



M A Freeman  
Director

27/06/13

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE SECURITY LIMITED**

We have audited the financial statements of MITIE Security Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

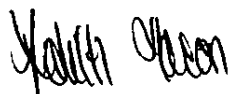
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**Judith Tacon (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

27 June 2013

**MITIE SECURITY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2013

	Note	2013 £'000	2012 £'000
<b>TURNOVER</b>	1	170,956	175,434
Cost of sales		(149,424)	(156,547)
<b>GROSS PROFIT</b>		<u>21,532</u>	<u>18,887</u>
Administration expense		(13,813)	(9,188)
<b>OPERATING PROFIT</b>	2	<u>7,719</u>	<u>9,699</u>
Income from shares in group undertakings		1,572	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<u>9,291</u>	<u>9,699</u>
Interest receivable and similar income	3	516	266
Interest payable and similar charges	3	(9)	(6)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>9,798</u>	<u>9,959</u>
Tax charge on profit on ordinary activities	5	(2,112)	(2,746)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<u>7,686</u>	<u>7,213</u>

The results for the period are wholly attributable to the continuing operations of the company

There are no recognised gains and losses for the current or 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 SECURITY LIMITED**  
**BALANCE SHEET**  
As at 31 March 2013

		2013		2012	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Investments	6		1,029		1,029
Goodwill	7		3,969		3,777
Intangible assets	8		976		522
Tangible assets	9		<u>1,632</u>		<u>1,756</u>
			7,606		7,084
<b>CURRENT ASSETS</b>					
Stocks	10	12		-	
Debtors					
- due within one year	11	37,965		39,738	
Cash at bank and in hand		<u>12,067</u>		<u>11,010</u>	
		50,044		50,748	
<b>CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	12	<u>(43,104)</u>		<u>(39,531)</u>	
<b>NET CURRENT ASSETS</b>			<u>6,940</u>		<u>11,217</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			14,546		18,301
<b>DUE AFTER MORE THAN ONE YEAR</b>	13		-		(4)
<b>NET ASSETS</b>			<u>14,546</u>		<u>18,297</u>
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	15		19		19
Share premium account	16		1		1
Profit and loss account	16		14,526		18,277
<b>SHAREHOLDERS' FUNDS</b>	17		<u>14,546</u>		<u>18,297</u>

The financial statements of MITIE Security Limited, company registered number 01013210, were approved by the board and authorised for issue. They were signed on behalf of the board by

M A Freeman  
Director



27/06/13

## **MITIE SECURITY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2013

#### **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 accounts are prepared under the historical cost convention.

##### **Going concern**

Details regarding the directors' consideration of going concern are given in the going concern section of the directors' report.

##### **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. Revenue is recognised as services are delivered.

##### **Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

##### **Intangible assets**

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is 5 years. Provision is made for any impairment.

##### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

##### **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:

Leasehold improvements: Lease term

Plant and office equipment: 3 to 10 years

Motor vehicles: 2 to 4 years

##### **Operating leases**

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

##### **Finance leases**

Assets held under hire purchase arrangements, which confer rights and obligations similar to those attached to current assets, are capitalised as tangible fixed assets and depreciated over the shorter of the lease terms and useful lives. The capital elements of future hire purchase obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to provide a constant rate of charge on the balance of capital repayments outstanding.

## **MITIE SECURITY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2013

#### **ACCOUNTING POLICY DISCLOSURE (continued)**

##### **Taxation**

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

Where the company can separately identify its share of the underlying assets and liabilities of any defined benefit schemes to which it contributes, the company accounts for these schemes as required by FRS 17 with the cost of providing benefits determined using the Projected Unit Credit Method, based on actuarial valuations carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Where the scheme is fully funded no asset or liability is recognised in the balance sheet.

##### **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.

##### **Group accounts**

Consolidated group accounts are not prepared as the group has taken advantage of the exemption from this requirement, conferred by Financial Reporting Standard 2, on the grounds that its accounts are consolidated in the larger group of MITIE Group PLC. Accordingly, the financial statements present information about the company as an entity and not as a group.

##### **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 SECURITY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2013

**2 OPERATING PROFIT**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating Profit is stated after charging/(crediting)</b>		
Loss/(profit) on disposal of fixed assets	29	(18)
Depreciation of tangible fixed assets		
owned	768	740
held under finance leases and hire purchase contracts	36	62
Research and development		
current year expenditure	565	537
amortisation of deferred expenditure	111	117
Amortisation of goodwill	1,056	1,056
Operating lease rentals		
plant and machinery	476	187
other	570	599
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>84</u>	<u>38</u>

The company has taken the exemption available to it not to disclose separately information about fees for non-audit services provided to the company as this information is available in the consolidated financial statements of MITIE Group PLC

**3 INTEREST**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest receivable and similar income</b>		
Bank interest	<u>516</u>	<u>266</u>
	<u>516</u>	<u>266</u>
<b>Interest payable and similar charges</b>	<b>£'000</b>	<b>£'000</b>
Bank interest	7	-
Finance leases	<u>2</u>	<u>6</u>
	<u>9</u>	<u>6</u>

**4 DIVIDENDS**

The dividends approved and paid in the year are as follows

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Ordinary shares	<u>11,500</u>	<u>4,033</u>
	<u>11,500</u>	<u>4,033</u>

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 24% (2012 26%)	2,287	2,987
Adjustment in respect of prior years	(130)	(215)
Total current tax (Note 5(b))	<u>2,157</u>	<u>2,772</u>
Deferred taxation		
Timing differences - origination and reversal	(41)	(144)
Adjustment in respect of prior years	(4)	118
Tax on profit on ordinary activities	<u>2,112</u>	<u>2,746</u>

#### (b) Factors affecting tax charge in the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	<u>9,798</u>	<u>9,959</u>
	£'000	£'000
Tax at 24% (2012 26%) thereon	2,352	2,589
Expenses not deductible for tax purposes	266	324
Differences between capital allowances and depreciation	86	79
Utilisation of tax losses	15	-
Relief in respect of employee share options	(55)	(26)
Non-taxable income from shares in group undertakings	(377)	-
Other timing differences	-	21
Adjustments to tax charge in respect of prior periods	(130)	(215)
Current tax charge for the year (Note 5(a))	<u>2,157</u>	<u>2,772</u>

The UK Government announced a reduction in the UK corporation tax rate from 24% to 23% from 1 April 2013, which was substantively enacted on 3 July 2012. The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those assets are expected to reverse has not had a material impact on the current year tax charge. The UK Government has indicated that it intends to enact further reductions in the main tax rate of 3% down to 20% by 1 April 2015. Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time.

The deferred tax balance comprises the following	£'000	£'000
Depreciation in excess of capital allowances	231	120
Share-based payment timing difference	39	85
Other timing differences	8	8
	<u>278</u>	<u>213</u>
	£'000	£'000
Amount credited to the profit and loss account in the year in relation to deferred tax	<u>(45)</u>	<u>(26)</u>

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 6 INVESTMENTS

		2013 £'000	2012 £'000
Investments at	1 April 2012	1,029	1,029
Investments at	31 March 2013	1,029	1,029

The investments balance at 31 March 2013 represented interests in the following companies

Name of subsidiary	Principal Activity	Class of shares held	Percentage of shares and voting rights held	Country of incorporation
Guardntc PLC	Dormant	Ordinary	100%	England & Wales
MITIE Aviation Security Ltd	Manned Guarding	Ordinary	99.9%	England & Wales
MITIE Dormant (No 1) Limited	Dormant	Ordinary	99.9%	England & Wales
MITIE Security Services Limited	Dormant	Ordinary	50%	England & Wales
Secunguard Services (Eastern)	Dormant	Ordinary	99.6%	England & Wales
Secunguard Services (Northern)	Dormant	Ordinary	99%	England & Wales
Secunguard Technical Systems	Dormant	Ordinary	50%	England & Wales
Sigma Group Limited	Dormant	Ordinary	100%	England & Wales

The company has taken advantage of Section 400 of the Companies Act 2006 and therefore no consolidated financial statements have been prepared

### 7 GOODWILL

	£'000
<b>Cost</b>	
At 1 April 2012	10,184
Additions	1,248
<b>At 31 March 2013</b>	<b>11,432</b>
<b>Amortisation</b>	
At 1 April 2012	6,407
Charge for the year	1,056
<b>At 31 March 2013</b>	<b>7,463</b>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<b>3,969</b>
At 31 March 2012	3,777

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 8 INTANGIBLE FIXED ASSETS

	Development expenditure £'000
<b>Cost</b>	
At 1 April 2012	639
Additions	565
<b>At 31 March 2013</b>	<b>1,204</b>
<b>Amortisation</b>	
At 1 April 2012	117
Charge for the year	111
<b>At 31 March 2013</b>	<b>228</b>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<b>976</b>
At 31 March 2012	522

### 9 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Plant and office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2012	809	2,743	988	4,540
Additions	-	382	476	858
Disposals	(435)	(1,436)	(617)	(2,488)
Transfers in from group companies	19	103	183	305
<b>At 31 March 2013</b>	<b>393</b>	<b>1,792</b>	<b>1,030</b>	<b>3,215</b>
<b>Depreciation</b>				
At 1 April 2012	652	1,869	263	2,784
Charge for the year	63	327	414	804
Disposals	(435)	(1,427)	(350)	(2,212)
Transfers in from group companies	7	77	123	207
<b>At 31 March 2013</b>	<b>287</b>	<b>846</b>	<b>450</b>	<b>1,583</b>
<b>Net book value</b>				
<b>At 31 March 2013</b>	<b>106</b>	<b>946</b>	<b>580</b>	<b>1,632</b>
At 31 March 2012	157	874	725	1,756
Leased assets included above				
<b>Net book value</b>				
<b>At 31 March 2013</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>44</b>
At 31 March 2012	-	-	72	72

### 10 STOCKS

	2013 £'000	2012 £'000
Finished goods	12	-
	<b>12</b>	<b>-</b>

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 11 DEBTORS

	2013 £'000	2012 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	19,115	20,447
Amounts owed by Group undertakings	6,197	8,611
Other debtors	1,521	528
Prepayments and accrued income	10,854	9,939
Deferred tax asset	278	213
	<u>37,965</u>	<u>39,738</u>

### 12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Obligations under finance leases and hire purchase contracts	5	44
Trade creditors	4,012	898
Amounts owed to Group undertakings	22,020	21,575
Corporation tax	642	1,238
Other taxation and social security	9,014	7,762
Other creditors	1,012	938
Accruals and deferred income	6,399	7,076
	<u>43,104</u>	<u>39,531</u>

### 13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £'000	2012 £'000
Obligations under finance leases	-	4
	<u>-</u>	<u>4</u>

### 14 FINANCE LEASES

	2013 £'000	2012 £'000
<b>Amounts payable under finance leases</b>		
- within one year	5	45
- within two to five years	-	4
Less finance charges allocated to future periods	-	(1)
	<u>5</u>	<u>48</u>

All obligations under finance leases are secured against the assets to which they relate

### 15 CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
<b>Allotted, called up and fully paid share capital</b>		
19,000 £1 Ordinary shares	19	19
	<u>19</u>	<u>19</u>



# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 16 RESERVES

	Share premium account £'000	Profit and loss account £'000
<b>At 1 April 2012</b>	1	18,277
Profit for the financial year	-	7,686
Dividends	-	(11,500)
Capital contribution relating to share-based payments	-	63
<b>At 31 March 2013</b>	<u>1</u>	<u>14,526</u>

### 17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
Profit for the financial year	7,686	7,213
Dividends paid on equity shares	(11,500)	(4,033)
Capital contribution relating to share-based payments	63	80
<b>(Net reduction in)/addition to shareholders' funds</b>	<u>(3,751)</u>	<u>3,260</u>
Opening shareholders' funds	18,297	15,037
<b>Closing shareholders' funds</b>	<u>14,546</u>	<u>18,297</u>

### 18 FINANCIAL COMMITMENTS

The company had no commitments in respect of operating leases at the end of the current or prior year

#### Capital commitments

The company had the following capital commitments which were contracted at the year end but not provided for

	2013 £'000	2012 £'000
- capital expenditure	29	39
	<u>29</u>	<u>39</u>

#### Performance bonds

The company has outstanding performance bonds as follows

	2013 £'000	2012 £'000
Performance bonds	648	33
	<u>648</u>	<u>33</u>

#### Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each others' bank overdrafts and loans

	2013 £'000	2012 £'000
Overall commitment	290,200	157,300
	<u>290,200</u>	<u>157,300</u>

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 19 DIRECTORS

#### The emoluments of the directors of the company were:

	2013 £'000	2012 £'000
- Aggregate emoluments	412	160
- Aggregate value of contributions paid to a money purchase pension scheme	28	13
	<u>440</u>	<u>173</u>

The number of directors who  
were members of a defined benefit pension scheme  
were members of a defined contribution pension scheme  
exercised share options in the year

	2013 No.	2012 No.
-	-	1
2	-	-
-	<u>-</u>	<u>-</u>

#### Highest paid director

	2013 £'000	2012 £'000
- Aggregate emoluments	222	160
- Aggregate value of contributions paid to a money purchase pension scheme	15	13
	<u>237</u>	<u>173</u>

The highest paid director did not exercise share options in the year

The following directors are also directors or employees of another group company. They are remunerated by the company shown. It is not practicable to allocate their remuneration between their services as directors of this company and as directors or employees of other group companies.

Director	Remunerated by
M A Freeman	MITIE Facilities Services Limited
R McGregor-Smith	MITIE Group Plc
S C Baxter	MITIE Group Plc

### 20 EMPLOYEES

#### Average employee numbers

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

	2013 No.	2012 No.
Operations	7,116	6,331
Administration	145	123
	<u>7,261</u>	<u>6,454</u>
<b>Employment cost</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	132,520	136,687
Social security costs	11,633	11,814
Other pension costs	402	403
Share-based payments	63	80
	<u>144,618</u>	<u>148,984</u>

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 21 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 exercise price is equal to the average market value of the shares over the five day period immediately preceding 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, a performance condition must be satisfied, the performance condition is linked to the percentage growth in earnings per share over a three-year period.

#### The MITIE Group PLC 2001 Savings Related share option scheme

The SAYE 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. For options granted prior to September 2008, the vesting period is five years. For options granted in September 2008 and thereafter, the vesting period is three years. If the options remain unexercised after a period of six months from the date of vesting, the options expire. Options may be forfeited if the employee leaves the group.

#### The MITIE Group PLC Long Term Incentive Plan (LTIP)

The LTIP was introduced in 2007. The awards of shares or rights to acquire shares (the awards) are offered to a small number of key senior management. Where offered as options the exercise price is nil. The vesting period is three years. If the awards remain unexercised after a period of four years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the group. Before the awards can be exercised, a performance condition must be satisfied, the number of awards that vest is determined by a sliding scale based on growth in earnings per share over a three-year period.

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

	2013		2012	
	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 year	841,165	209	986,880	201
Granted during the year	412,255	228	175,000	228
Forfeited during the year	(107,051)	203	(113,666)	199
Transferred (to)/from Group subsidiaries during the year	48,044	216	19,250	248
Exercised during the year	(313,222)	203	(226,299)	202
<b>Outstanding at end of the year</b>	<b>881,191</b>	<b>221</b>	<b>841,165</b>	<b>208</b>
<b>Exercisable at end of year</b>	<b>170,632</b>	<b>187</b>	<b>228,750</b>	<b>224</b>

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### SHARE BASED PAYMENTS (continued)

The company recognised the following expense related to share-based payments:

	2013 £'000	2012 £'000
2001 Executive share options	14	61
2001 Savings Related share options	25	21
Long-term incentive plan scheme (LTIP)	24	(2)
	<u>63</u>	<u>80</u>

	2013	2012
--	------	------

The weighted average share price at the date of exercise for share options exercised during the year was (p)

278	246
-----	-----

The options outstanding at the year-end had a weighted average price of (p)

221	209
-----	-----

The options outstanding at the year-end had a weighted average remaining contractual life of (years)

<u>6</u>	<u>5</u>
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The company granted options in the period as detailed below

Share scheme	Fair value £'000
2001 Executive share options	91
Long-term incentive plan scheme (LTIP)	36

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

	2013	2012
Share price (p)	198 - 274	191 - 243
Exercise price (p)	0 - 254	0 - 254
Expected volatility (%)	32 - 35	28 - 36
Expected life (years)	3 - 5	3 - 6
Risk-free rate (%)	0.55 - 2.42	1.48 - 5.25
Expected dividends (%)	3.30 - 4.10	2.22 - 4.10

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.

### 22 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 35 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £29.7 million (2012 deficit of £17.2 million).

Employer contributions to the scheme for the period are shown in note 20. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2012 18.5%).

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 23 RELATED PARTY TRANSACTIONS

Set out below are the related party transactions

#### KEY:

TRS = Trading related sales

TRP = Trade related purchases

ICB = Inter-company balance

DICB = Dormant inter-company balance

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
MITIE Group PLC	TRP	1,718	664	-	-
MITIE Facilities Management Limited	TRP	754	754	-	-
MITIE Aviation Security Limited	TRS	287	84	-	-
MITIE Security Systems Limited	TRS	521	69	19	-
MITIE Security (London) Limited	TRS	2,407	868	-	-
MITIE Property Services (UK) Limited	TRP	561	599	-	-
MITIE Aviation Security Limited	TRS	37	909	931	4
MITIE Business Services Limited	TRS	654	133	26	34
MITIE Care & Custody Limited	TRS	266	883	-	117
MITIE Catering Services Limited	TRS	5	-	1	-
MITIE Cleaning & Environmental Services Limited	TRS	1,858	2,902	410	360
MITIE Client Services Limited	TRS	2	-	2	-
MITIE Engineering Maintenance Limited	TRS	366	320	-	-
MITIE Facilities Management Limited (Ireland)	TRS	17	51	-	53
MITIE Facilities Services Limited	TRS	5,826	2,397	747	1,420
MITIE Group PLC	TRS	1	90	14	17
MITIE Limited (NI)	TRS	208	11	1	11
MITIE Landscapes Limited	TRS	83	14	7	2
MITIE Managed Services (Southern) Limited	TRS	(2)	78	-	46
MITIE Managed Services Limited	TRS	3,743	1,520	261	88
MITIE PFI Limited	TRS	111	85	33	31
MITIE Property Services (UK) Limited	TRS	195	26	16	2
MITIE Security Systems Limited	TRS	23	498	-	30
MITIE Shared Services Limited	TRS	205	-	1	-
MITIE Technical Facilities Management Limited	TRS	29,504	19,580	3,063	4,379
MITIE Cleaning & Environmental Services Limited	TRS	130	140	8	-
MITIE Cleaning & Environmental Services Limited	TRS	-	5	-	-
MITIE Built Environment Limited	TRS	14	14	-	-
MITIE Document Solutions Limited	TRS	8	2	-	2
MITIE Justice Limited	TRS	6,893	53	-	18
MITIE Shared Services Limited	TRS	7	161	-	-
MITIE Services (Retail) Limited	TRS	136	9	28	9
MITIE Tilley Roofing Limited	TRS	-	8	-	-
Cole Motors Limited	TRP	3	32	-	-
MITIE Security (London) Limited	TRP	3,836	-	-	-

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### RELATED PARTY TRANSACTION DISCLOSURE (continued)

MITIE Business Services Limited	TRP	28	-	-	-
MITIE Catering Services Limited	TRP	2	-	(1)	(1)
MITIE Cleaning & Environmental Services Limited	TRP	4,549	4,916	73	818
MITIE Document Solutions Limited	TRP	5	21	-	-
MITIE Property Services (UK) Limited	TRP	-	324	17	-
MITIE Facilities Management Limited	TRP	1,916	2,403	254	39
MITIE Infrastructure Limited	TRP	9	-	-	-
MITIE Justice Limited	TRP	824	-	-	-
MITIE Landscapes Limited	TRP	5	10	9	-
MITIE Limited (NI)	TRP	612	-	-	-
MITIE Pest Control Limited	TRP	99	1	12	-
MITIE Security Systems Limited	TRP	284	1,904	-	2
MITIE Technical Facilities Management Limited	TRP	357	857	24	57
MITIE Cleaning & Environmental Limited	TRP	1	4	-	-
MITIE Deep Red 55 Limited	TRP	-	14	-	-

### 24 ACQUISITIONS

On 31st October 2012 the company acquired the trade and assets from MITIE Security Systems Limited for consideration of £1 with a fair value equal to the net liabilities of MITIE Security Systems Limited (£1,248,000)

The assets are transferred in at their book value, as set out below

The book value of assets acquired equates to their fair value

	Book value £'000	Fair value adjustments £'000	Fair value £'000
<b>Fixed assets</b>			
Intangible fixed assets	-	-	-
Tangible fixed assets	98	-	98
<b>Current assets</b>			
Stocks	13	-	13
Debtors	1,258	-	1,258
Cash	-	-	-
<b>Total assets</b>	<u>1,368</u>	<u>-</u>	<u>1,368</u>
<b>Creditors</b>			
Bank overdraft	(636)	-	(636)
Trade creditors	(207)	-	(207)
Accruals	(1,804)	-	(1,804)
<b>Provisions</b>			
Taxation	31	-	31
<b>Total liabilities</b>	<u>(2,616)</u>	<u>-</u>	<u>(2,616)</u>
<b>Net liabilities</b>	<u>(1,248)</u>	<u>-</u>	<u>(1,248)</u>
Consideration (as described above)			-
Goodwill arising on acquisition			<u>1,248</u>

## **MITIE SECURITY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2013

#### **25 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

MITIE Security Holdings Limited is the immediate controlling party and the directors regard MITIE Group PLC, a company registered in Scotland, as the ultimate parent company and controlling party

MITIE Group PLC is the largest and smallest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.