

Company Registration Number:

01013210

MITIE SECURITY LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2014

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Officers and professional advisers

DIRECTORS

M A Freeman

R D Forsyth

R McGregor-Smith

S C Baxter

J S Tomlin

SECRETARY

Mitie Company Secretarial Services Limited

REGISTERED OFFICE

1 Harlequin Office Park

Fieldfare

Emersons Green

Bristol

BS16 7FN

AUDITOR

Deloitte LLP

Chartered Accountants and Statutory Auditor

London

United Kingdom

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

The Company acts as a provider of a mix of security services to keep people, buildings and assets safe.

The Company's profit and loss account is shown on page 7. The profit after tax is £5,330,000 (2013: £7,686,000).

The Company's trading results reflect the loss of one of our core contracts and the impact of some non-recurring items. We continue to develop our technology services business to enhance our margins.

The Company acquired UKCRBS Limited and Formcomplete Limited on 13th August 2013. The trading assets of Formcomplete Limited transferred to the Company on 31st March 2014.

Key performance indicators

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.

Principal risks and uncertainties

The Company is part of the Mitie Group and manages its risks within the Mitie Group risk framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. The directors have reviewed the financial risk management objectives and policies of the Company in the light of the Group risk framework. The directors do not believe there to be any other significant risks.

Financial risk management

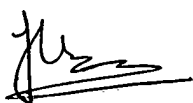
The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

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.

Future developments

The directors expect the general level of activity to increase in the forthcoming year. This is as a result of expected organic growth with an increased revenue stream and costs kept under control. However, it is beyond the company's control to foresee any political or economic disturbances in the entity's markets.

Approved by the Board and signed on its behalf by:



J S Tomlin
Director

25 JULY 2014

Directors' report

The directors present their annual report and financial statements of Mitie Security Limited ("the Company") for the year ended 31 March 2014.

Dividends

Dividends for each share class were declared as follows:

Ordinary: £378.45 per share (2013: £605.24).

Going concern

The directors have considered the forecast results 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 Company 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 of creditors

The Company manages its procurement and supply chain with increasing consideration of its impact on the Company's profitability, reputation and sustainability objectives and is committed to proactively developing mutually beneficial and sustainable trading relationships with all of our stakeholders, based on a foundation of trust and co-operation.

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 and sustainability reports which do 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 who served during the year, no changes to prior year:

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

Each of the directors in office as of the date of approval of this report confirms that:

- so far as he/she is aware, there is no relevant audit information (being information required by the auditor in the preparation of their report) of which the Company's auditor is unaware; and
- he/she has each taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

This confirmation is given, and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Appointment of auditor

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.

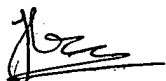
Directors' report (continued)**Directors' responsibilities statement**

The directors are responsible for preparing the report and financial statements. The directors have elected to prepare financial statements in accordance with UK GAAP. The directors are required 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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 which disclose with reasonable accuracy at any time the financial position of the Company, safeguarding the assets, taking reasonable steps for the prevention and detection of fraud and other irregularities, and the preparation of a Strategic report and a Directors' report which complies with the relevant requirements of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



J S Tomlin

25 July 2014

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 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 24. 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 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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

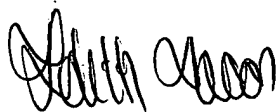
In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Mitie Security Limited (continued)

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

25 July 2014

Profit and Loss Account**For the year ended 31 March 2014**

	Note	2014 £'000	2013 £'000
Turnover	1	177,688	170,956
Cost of sales		(157,722)	(149,424)
Gross profit		19,966	21,532
Administration expense		(15,587)	(13,813)
Operating profit	2	4,379	7,719
Income from shares in group undertakings		2,084	1,572
Profit on ordinary activities before interest and taxation		6,463	9,291
Interest receivable and similar income	5	148	516
Interest payable and similar charges	5	(6)	(9)
Profit on ordinary activities before taxation		6,605	9,798
Tax charge on profit on ordinary activities	6	(1,275)	(2,112)
Profit for the financial year	17	5,330	7,686

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

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

Balance Sheet

As at 31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	8	1,862	1,029
Goodwill	9	2,799	3,969
Intangible assets	10	1,294	976
Tangible assets	11	1,344	1,632
		<u>7,299</u>	<u>7,606</u>
Current assets			
Stocks	12	11	12
Debtors	13		
- due within one year		48,881	37,965
Cash at bank and in hand		68	12,067
		<u>48,960</u>	<u>50,044</u>
Creditors: amounts falling due within one year	14	(43,480)	(43,104)
		<u>5,480</u>	<u>6,940</u>
Net current assets			
		<u>12,779</u>	<u>14,546</u>
Total assets less current liabilities			
		<u>12,779</u>	<u>14,546</u>
Net assets			
		<u>12,779</u>	<u>14,546</u>
Share capital and reserves			
Called up share capital	16	19	19
Share premium account	17	1	1
Profit and loss account	17	12,759	14,526
		<u>12,779</u>	<u>14,546</u>
Shareholders' funds	18	<u>12,779</u>	<u>14,546</u>

The financial statements of Mitie Security Limited were approved by the board of directors and authorised for issue on



Signed on its behalf by:
J S Tomlin
Director

25 JULY 2014

Notes to the financial statements**Year ended 31 March 2014****1. Accounting policies**

The financial statements of the Company have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

As more fully detailed in the Directors' report, the Company's financial statements have been prepared on a going concern basis.

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Group accounts

Consolidated group accounts have not been prepared as the Company has taken advantage of the exemption from this requirement, conferred by FRS 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.

Turnover

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

Turnover is recognised as services are delivered.

Operating leases

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

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 FRS 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.

Notes to the financial statements (continued)**Year ended 31 March 2014****1. Accounting policies (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 upon tax rates and legislation that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax 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.

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 appropriate valuation 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. Further details of the Group's share option schemes are contained in the Mitie Group plc annual report.

Investments

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

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 Company is expected to benefit, being between 3 and 10 years. Provision is made for any impairment identified as necessary.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of the assets over their estimated useful lives and is calculated on a straight-line basis as follows:

Leasehold improvements	period of the lease
Plant and office equipment	3 to 10 years
Motor vehicles	2 to 4 years

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.

Notes to the financial statements (continued)**Year ended 31 March 2014****1. Accounting policies (continued)****Stock**

Stock and work in progress are valued at the lower of cost or net realisable value.

Cost represents materials, direct labour and overheads incurred in bringing the inventories to their present condition and location. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and estimated selling costs. Provision is made for obsolete, slow moving or defective items where appropriate.

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.

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.

2. Operating profit

	2014 £'000	2013 £'000
Operating Profit is stated after charging		
Depreciation of tangible fixed assets:		
owned	826	768
held under finance leases and hire purchase contracts	9	36
Amortisation of goodwill	1,119	1,056
Research and development:		
- Current year expenditure	762	565
- Amortisation of capital development costs	287	111
Loss on disposal of tangible fixed assets	22	29
Operating lease rentals:		
plant and machinery	230	476
other	526	570
Fees payable to the Company's auditor for the audit of the Company's annual accounts	73	84
	<u> </u>	<u> </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.

Notes to the financial statements (continued)

Year ended 31 March 2014

3. Employees

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

	2014 No.	2013 No.
Operations	7,020	7,116
Administration	158	145
	<u>7,178</u>	<u>7,261</u>

Employment cost

	£'000	£'000
Wages and salaries	137,716	132,228
Social security costs	12,256	11,633
Terminations/redundancy costs	634	292
Other pension costs	994	402
Share-based payments	94	63
	<u>151,694</u>	<u>144,618</u>

4. Directors

	2014 £'000	2013 £'000
The emoluments of the directors of the Company were:		
- Aggregate emoluments	427	412
- Aggregate value of contributions paid to a money purchase pension scheme	29	28
	<u>456</u>	<u>440</u>

	2014 No.	2013 No.
The number of directors who:		
were members of a defined contribution pension scheme	2	2

	2014 £'000	2013 £'000
Highest paid director:		
- Aggregate emoluments	229	222
- Aggregate value of contributions paid to a money purchase pension scheme	16	15
	<u>245</u>	<u>237</u>

Notes to the financial statements (continued)

Year ended 31 March 2014

4. Directors (continued)

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

5. Interest

	2014 £'000	2013 £'000
<i>Interest receivable and similar income</i>		
Bank interest	148	516
	<u>148</u>	<u>516</u>
<i>Interest payable and similar charges</i>		
Bank interest	6	7
Finance leases	-	2
	<u>6</u>	<u>9</u>

Notes to the financial statements (continued)

Year ended 31 March 2014

6. Tax on profit on ordinary activities

	2014 £'000	2013 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 23% (2013: 24%)	1,431	2,287
Adjustment in respect of prior years	(120)	(130)
	<hr/>	<hr/>
Total current tax (Note 6(b))	1,311	2,157
Deferred taxation:		
Timing differences - origination and reversal	(62)	(41)
Decrease in tax rate	-	-
Adjustment in respect of prior years	26	(4)
	<hr/>	<hr/>
Tax on profit on ordinary activities	1,275	2,112
	<hr/>	<hr/>

(b) Factors affecting tax charge in the year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are as follows:

Profit on ordinary activities before tax	6,605	9,798
	<hr/>	<hr/>
Tax at 23% (2013: 24%) thereon:	1,519	2,352
Expenses not deductible for tax purposes	284	266
Differences between capital allowances and depreciation	72	86
Utilisation of tax losses	-	15
Relief in respect of employee share options	(31)	(55)
Non-taxable income from shares in group undertakings	(434)	(377)
Other timing differences	21	-
Adjustments to tax charge in respect of prior periods	(120)	(130)
	<hr/>	<hr/>
Current tax charge for the year (Note 6(a))	1,311	2,157
	<hr/>	<hr/>

Notes to the financial statements (continued)**Year ended 31 March 2014****6. Tax on profit on ordinary activities**

The UK Government announced reductions in the UK corporation tax rate from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015, which were substantively enacted on 2 July 2013. The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those differences are expected to reverse has not had a material impact on the current year tax charge.

	2014	2013
	£'000	£'000
<i>The deferred tax balance comprises the following:</i>		
Depreciation in excess of capital allowances	236	231
Share-based payment timing difference	66	39
Other timing differences	12	8
	<u>314</u>	<u>278</u>
Total deferred tax asset	<u>314</u>	<u>278</u>
Amount credited to the profit and loss account in the year in relation to deferred tax	<u>(36)</u>	<u>(45)</u>

7. Dividends

	2014	2013
	£'000	£'000
The dividends approved and paid in the year were:		
Ordinary shares £378.45 per share (2013:£605.24)	7,191	11,500
	<u>7,191</u>	<u>11,500</u>

Notes to the financial statements (continued)

Year ended 31 March 2014

8. Investments

	2014 £'000	2013 £'000
At start of year	1,029	1,029
Additions (note 23)	1,029	-
Disposals	(196)	-
Impairment losses	-	-
At end of year	<u>1,862</u>	<u>1,029</u>

On 17 March 2014 Mitie Security Limited disposed of its investment in Guardrite Limited.

The investments balance at 31 March 2014 represented interests in the following companies:

Name of undertaking	Principal Activity	Class of shares held	% of shares held	% of voting rights held	Country of incorporation
Mitie Aviation Security Limited	Manned Guarding	Ordinary	99.9%	99.9%	England and Wales
Mitie Dormant (No.1) Limited	Dormant	Ordinary	99.9%	99.9%	England and Wales
Mitie Security Services Limited	Dormant	Ordinary	50%	50%	England and Wales
Securiguard Services (Eastern) Limited	Dormant	Ordinary	99.6%	99.6%	England and Wales
Securiguard Services (Northern) Limited	Dormant	Ordinary	99%	99%	England and Wales
Securiguard Technical Systems Limited	Dormant	Ordinary	50%	50%	England and Wales
The Sigma Group Limited	Dormant	Ordinary	100%	100%	England and Wales
UK CRBS Limited	Organising CRB checks	Ordinary	100%	100%	England and Wales
UK CRBS Limited	Organising CRB checks	Ordinary-A	100%	100%	England and Wales
Formcomplete Limited	Form completion assistance	Ordinary	100%	100%	England and Wales

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

Notes to the financial statements (continued)

Year ended 31 March 2014

9. Goodwill

	£'000
Cost	
At 01 April 2013	11,432
Additions	11
Disposals	(62)
	<hr/>
At 31 March 2014	11,381
	<hr/> <hr/>
Amortisation	
At 01 April 2013	7,463
Charge for the year	1,119
	<hr/>
At 31 March 2014	8,582
	<hr/> <hr/>
Net book value	
At 31 March 2014	2,799
	<hr/> <hr/>
At 31 March 2013	3,969
	<hr/> <hr/>

10. Intangible fixed assets

**Development
costs
£'000**

Cost	
At 01 April 2013	1,204
Additions	762
Disposals	(157)
	<hr/>
At 31 March 2014	1,809
	<hr/> <hr/>
Amortisation	
At 01 April 2013	228
Charge for the year	287
	<hr/>
At 31 March 2014	515
	<hr/> <hr/>
Net book value	
At 31 March 2014	1,294
	<hr/> <hr/>
At 31 March 2013	976
	<hr/> <hr/>

Notes to the financial statements (continued)

Year ended 31 March 2014

11. Tangible fixed assets

	Leasehold improvements £'000	Plant and office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 01 April 2013	393	1,792	1,030	3,215
Additions	-	398	262	660
Disposals	(19)	(75)	(419)	(513)
At 31 March 2014	374	2,115	873	3,362
Depreciation				
At 01 April 2013	287	846	450	1,583
Charge for the year	34	462	339	835
Disposals	(18)	(72)	(310)	(400)
At 31 March 2014	303	1,236	479	2,018
Net book value				
At 31 March 2014	71	879	394	1,344
At 31 March 2013	106	946	580	1,632
Leased assets included above:				
Net book value				
At 31 March 2014	-	-	11	11
At 31 March 2013	-	-	44	44

Notes to the financial statements (continued)

Year ended 31 March 2014

12. Stocks

	2014 £'000	2013 £'000
Finished goods	11	12
	<u>11</u>	<u>12</u>

13. Debtors

	2014 £'000	2013 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	24,436	19,115
Amounts recoverable on contracts	4,957	3,759
Amounts owed by Group undertakings	8,236	6,197
Other debtors	617	29
Prepayments and accrued income	9,706	8,587
Corporation tax	615	-
Deferred tax asset	314	278
	<u>48,881</u>	<u>37,965</u>

14. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts	1,922	-
Obligations under finance leases and hire purchase contracts	2	5
Trade creditors	2,657	4,285
Amounts owed to Group undertakings	20,493	22,020
Corporation tax	-	642
Other taxation and social security	6,972	8,966
Other creditors	1,550	1,005
Accruals and deferred income	9,884	6,181
	<u>43,480</u>	<u>43,104</u>

Notes to the financial statements (continued)

Year ended 31 March 2014

15. Finance leases

	2014 £'000	2013 £'000
Amounts payable under finance leases		
- within one year	2	5
	<u>2</u>	<u>5</u>
	<u>2</u>	<u>5</u>

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

16. Called-up share capital

	2014 £'000	2013 £'000
Allotted and called-up share capital		
19,000 - £1 Ordinary	19	19
	<u>19</u>	<u>19</u>
	<u>19</u>	<u>19</u>

17. Reserves

	Share premium account £'000	Profit and loss account £'000
At start of year	1	14,526
Profit for the financial year	-	5,330
Dividends paid	-	(7,191)
Capital contribution relating to share-based payments	-	94
	<u>1</u>	<u>12,759</u>
At end of year	<u>1</u>	<u>12,759</u>

Notes to the financial statements (continued)

Year ended 31 March 2014

18. Reconciliation of movement in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	5,330	7,686
Dividends paid on equity shares	(7,191)	(11,500)
Capital contribution relating to share-based payments	94	63
Net reduction to shareholders' funds	(1,767)	(3,751)
Opening shareholders' funds	14,546	18,297
Closing shareholders' funds	12,779	14,546

19. Financial commitments

Operating leases

The Company has annual lease commitments under non-cancellable operating leases as detailed below:

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- in less than one year	-	1,140	-	1,068
- between two and five years	81	688	-	745
- after five years	-	-	-	-
	81	1,828	-	1,813

Capital commitments

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

	2014 £'000	2013 £'000
- capital expenditure	-	29
	-	29

Performance bonds

The Company has outstanding performance bonds as follows:

	2014 £'000	2013 £'000
Performance bonds	648	648

Notes to the financial statements (continued)

Year ended 31 March 2014

19. Financial commitments (continued)

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.

	2014 £'000	2013 £'000
Overall commitment	261,625	290,200

20. Share-based payments

The Company participates in the following Mitie Group plc share option schemes:

The Mitie Group plc 2011 Executive share option scheme

The executive share option scheme exercise price is equal to the average market value of the shares on the business day preceding grant or, if the remuneration committee decided, the average market value of share over a number of preceding business days (not to exceed 20). 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 2011 SAYE 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 determined using either: the share price preceding the date on which invitations to participate in the scheme are issued; or an average share price over five days preceding the invitation date. 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.

Notes to the financial statements (continued)

Year ended 31 March 2014

20. Share-based payments (continued)

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.

The Share Incentive Plan (SIP)

The SIP was introduced in 2011 and is a non-discretionary scheme open to all eligible UK resident employees. Under the scheme, eligible employees are invited to invest in partnership shares which are purchased in the market on their behalf and held in a UK employee benefit trust. One matching share is awarded for every ten partnership shares purchased and has a holding period of three years. Matching shares are funded by way of market purchases.

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

	2014		2013	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at beginning of the year	881,191	221	841,165	209
Granted	534,498	205	412,255	228
Forfeited	(158,561)	217	(107,051)	203
Transferred from group companies	41,743	220	48,044	216
Exercised	(174,285)	207	(313,222)	203
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at end of the year	1,124,586	217	881,191	221
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at end of year	101,080	217	170,632	187
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the financial statements (continued)

Year ended 31 March 2014

20. Share-based payments (continued)

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

	2014 £'000	2013 £'000
Executive share options	39	14
Savings related share options	27	25
LTIP	28	24
	<u>94</u>	<u>63</u>

	2014 £'000	2013 £'000
The weighted average share price at the date of exercise for share options exercised during the year was: (p)	296	278
The options outstanding at the year-end had a weighted average price of: (p)	217	221
The options outstanding at the year-end had a weighted average remaining contractual life of: (years)	<u>5</u>	<u>6</u>

The Company granted options under the following schemes in the year:

	Fair value £'000
LTIP	98
Savings related share options	96
Executive share options	91

Notes to the financial statements (continued)

Year ended 31 March 2014

20. Share-based payments (continued)

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

	2014	2013
Black-Scholes		
Share price (p)	219 - 274	198 - 274
Exercise price (p)	0 - 254	0 - 254
Expected volatility (%)	30 - 32	32 - 35
Expected life (years)	3 - 5	3 - 5
Risk-free rate (%)	0.55 - 1.48	0.55 - 2.42
Expected dividends (%)	3.5 - 4.1	3.3 - 4.1
Monte-Carlo		
Share price (p)	251	-
Exercise price (p)	32	-
Expected volatility (%)	24	-
Expected life (years)	3	-
Risk-free rate (%)	0.64	-
Expected dividends (%)	4.1	-

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.

21. 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 21 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £17 million (2013: deficit of £30 million).

Employer contributions to the scheme for the period are shown in note 3. The agreed contribution rate for employee and employer contributions for the next 12 months is 18% (2013: 18%).

Notes to the financial statements (continued)

Year ended 31 March 2014

22. Related party transactions

Set out below are the related party transactions. The Company has taken the exemption available under FRS 8 not to disclose transactions with other wholly-owned subsidiaries of Mitie Group plc. There were no transactions with entities other than members of Mitie Group plc which require disclosure under FRS 8.

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	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Mitie Facilities Management Limited	TRP	497	754	-	-
Mitie Business Services (UK) Limited	TRS	8	-	-	-
Mitie Care & Custody Limited	TRS	14	2	-	-
Mitie Catering Services Limited	TRS	-	665	1	1
Mitie Facilities Management Limited (Ireland)	TRS	63	17	2	-
Mitie Limited (NI)	TRS	20	208	1	1
Mitie Technical Facilities Management Limited	TRS	13,878	29,504	4,110	3,063
Mitie Waste & Environmental Limited	TRS	122	-	-	-
Mitie Catering Services Limited	TRP	2	2	1	(1)
Mitie Facilities Management Limited	TRP	-	1,918	-	254
Mitie Limited (NI)	TRP	838	612	-	-
Mitie Technical Facilities Management Limited	TRP	116	357	15	24
Mitie Waste & Environmental Limited	TRP	1	-	-	-
Mitie Technical Facilities Management Limited	ICB	-	-	888	-

Notes to the financial statements (continued)

Year ended 31 March 2014

23. Acquisitions

On 13 August 2013 the Company acquired 100% of the share capital of UKCRBS Limited for £1,015,000.

The assets were acquired at fair value. The book value and fair value of the Company's assets at the date of acquisition were as follows:

UKCRBS Limited	Book value £'000	Fair value adjustments £'000	Fair value £'000
<i>Fixed assets</i>			
Tangible fixed assets	7	(7)	-
<i>Current assets</i>			
Debtors	228	-	228
Cash	184	-	184
Total assets	419	(7)	412
<i>Creditors</i>			
Trade creditors	367	-	367
Accruals	4	32	36
Taxation	22	-	22
Total liabilities	393	32	425
Net assets (liabilities)	26	(39)	(13)
Consideration (as described above)			1,015

Notes to the financial statements (continued)

Year ended 31 March 2014

23. Acquisitions (continued)

On 13 August 2013 the Company acquired 100% of the share capital of FormComplete Limited for £25,000.

The assets were acquired at fair value. The book value and fair value of the Company's assets at the date of acquisition were as follows:

FormComplete Limited	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
<i>Current assets</i>			
Debtors	1	-	1
Cash	9	-	9
	<hr/>	<hr/>	<hr/>
Total assets	10	-	10
	<hr/>	<hr/>	<hr/>
<i>Creditors</i>			
Trade creditors	2	-	2
Accruals	1	-	1
Taxation	3	-	3
	<hr/>	<hr/>	<hr/>
Total liabilities	6	-	6
	<hr/>	<hr/>	<hr/>
Net assets	4	-	4
	<hr/>	<hr/>	<hr/>
Consideration (as described above)			25
			<hr/>

Notes to the financial statements (continued)**Year ended 31 March 2014****23. Acquisitions (continued)**

On 31 March 2014 FormComplete Limited transferred its business and net assets to the company for £14,000, being the fair value of its net assets. Following the hive-up of the Formcomplete Limited business the carrying value of the investment has been considered and £11,000 of the original cost has been reclassified as goodwill.

Acquisitions are accounted for under the acquisition method.

The assets were acquired at fair value. The book value and fair value of the assets acquired were as follows:

	Book value £'000	Fair value adjust-ments £'000	Fair value £'000
<i>Current assets</i>			
Debtors	2	-	2
Cash	12	-	12
	<hr/>	<hr/>	<hr/>
Total assets	14	-	14
	<hr/>	<hr/>	<hr/>
Net assets	14	-	14
	<hr/>	<hr/>	<hr/>
Consideration (as described above)			14
			<hr/>

24. 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.