

Company Registration Number 1158387

EPS GROUP LIMITED

Report and Financial Statements

Year ended 31 March 2012

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EPS GROUP LIMITED

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 March 2012

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EPS GROUP LIMITED

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P Griffin  
S Reeve  
W Robson  
J Ridley

**SECRETARY**

MITIE Company Secretarial Services Limited

**REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emerson Green  
Bristol  
BS16 7FH

**BANKERS**

Bank of Scotland  
Canons House  
Canons Way  
Bristol  
BS99 7LB

**AUDITOR**

Deloitte LLP  
London

## EPS GROUP 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 provides a wide variety of property maintenance and refurbishment activities, including reactive and planned maintenance of building fabric and building services, installation of new kitchens, bathrooms and central heating systems in social housing properties, complete internal and external refurbishment packages, and void property management. During the year, all new contracts were procured under MITIE Property Services (UK) Limited, a fellow subsidiary, and as new contracts have been won, this new work is being accounted for in MITIE Property Services (UK) Limited. Over the next few months, it is planned to transfer existing contracts currently operated by EPS Group Limited to MITIE Property Services (UK) Limited, and EPS Group Limited will become non trading. Accordingly, the financial statements have been prepared on a basis other than going concern, and all the company's results are presented as discontinued operations in the profit and loss account.

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: £Nil per share (2011: £Nil)

#### 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.

## **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**

As explained above, the company intends to transfer its trade, assets and liabilities to a fellow subsidiary company in the year and will cease trading. As required by FRS 18 Accounting policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities will be transferred to the fellow subsidiary company at book value.

### **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 2012, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 67 days (2011: 60 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:

P Griffin

S Reeve

W Robson

J Ridley

M Cox (Resigned 20 March 2012)

M P Sturmer (Resigned 31 March 2012)

P D Kelly (Resigned 20 March 2012)

P D Reader (Resigned 20 March 2012)

L B Ginger (Resigned 20 March 2012)

## **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 information 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



W Robson  
Director

29 June 2012

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EPS GROUP LIMITED**

We have audited the financial statements of EPS Group Limited for the year ended 31 March 2012 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 18. 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 2012 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.

### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financials have been prepared on a basis other than that of a going concern.

## **AUDIT REPORT (continued)**

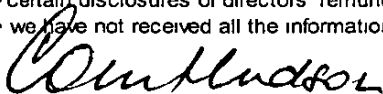
### **Opinion on other matters prescribed by the Companies Act 2006**

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



**Colin Hudson FCA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditor

London, United Kingdom





**EPS GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2012

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>TURNOVER</b>	<b>1</b>	<b>61,451</b>	<b>75,541</b>
Cost of sales		<u>(46,754)</u>	<u>(58,378)</u>
<b>GROSS PROFIT</b>		<b>14,697</b>	<b>17,163</b>
Administration expense		<u>(14,529)</u>	<u>(14,084)</u>
<b>OPERATING PROFIT</b>	<b>2</b>	<b>168</b>	<b>3,079</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<b>168</b>	<b>3,079</b>
Interest receivable and similar income	<b>3</b>	<u>49</u>	<u>31</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>217</b>	<b>3,110</b>
Tax charge on profit on ordinary activities	<b>4</b>	<u>(74)</u>	<u>(885)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>10</b>	<b>143</b>	<b>2,225</b>

The results for the period are wholly attributable to the discontinued 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.

**EPS GROUP LIMITED**  
**BALANCE SHEET**  
As at 31 March 2012

		2012		2011	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	5		85		140
			85		140
<b>CURRENT ASSETS</b>					
Stocks	6	205		391	
Debtors					
- due within one year	7	23,847		16,137	
Cash at bank and in hand		6,200		16,000	
		30,252		32,528	
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(17,409)		(19,896)	
<b>NET CURRENT ASSETS</b>			12,843		12,632
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,928		12,772
<b>NET ASSETS</b>			12,928		12,772
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	9		150		150
Share premium account	10		-		-
Profit and loss account	10		12,778		12,622
<b>SHAREHOLDERS' FUNDS</b>	11		12,928		12,772

The financial statements of EPS Group Limited, company registered number 01158387, were approved by the board and authorised for issue on

W Robson  
Director



29 June 2012

## **EPS GROUP LIMITED**

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

Year ended 31 March 2012

#### **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.

##### **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  
Fixtures, fittings and equipment: 3 years

##### **Operating leases**

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

##### **Stock**

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

##### **Long-term contracts**

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done 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.

## EPS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### 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 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.

##### 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.

##### Cashflow statement

The company has taken the exemption from the requirement to prepare a cashflow 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

	2012 £'000	2011 £'000
<b>Operating Profit is stated after charging/(crediting)</b>		
Loss on disposal of fixed assets	2	89
Depreciation of tangible fixed assets owned	93	144
Operating lease rentals plant and machinery	906	6
other	332	1,725
Fees payable to the company's auditor for the audit of the company's annual accounts	30	46

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.

**EPS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**3 INTEREST**

	2012 £'000	2011 £'000
<b>Interest receivable and similar income</b>		
Bank interest	49	31
	<u>49</u>	<u>31</u>

**4 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2012 £'000	2011 £'000
<b>(a) Analysis of charge in the year</b>		
United Kingdom corporation tax 26% (2011 28%)	61	636
Adjustment in respect of prior years	(19)	(187)
Total current tax (Note 4(b))	<u>42</u>	<u>449</u>
<b>Deferred taxation</b>		
Timing differences - origination and reversal	20	102
Adjustment in respect of prior years	12	334
Tax on profit on ordinary activities	<u>74</u>	<u>885</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 26% (2011 28%). The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	<u>217</u>	<u>3,110</u>
	<b>£'000</b>	<b>£'000</b>
Tax at 26% (2011 28%) thereon	56	871
Expenses not deductible for tax purposes	28	31
Differences between capital allowances and depreciation	(26)	24
Utilisation of tax losses	-	-
Other timing differences	3	(290)
Adjustments to tax charge in respect of prior periods	(19)	(187)
<b>Current tax charge for the year (Note 4(a))</b>	<u>42</u>	<u>449</u>
<b>The deferred tax balance comprises the following</b>	<b>£'000</b>	<b>£'000</b>
Depreciation in excess of capital allowances	80	114
Share based payment timing difference	5	-
Other timing differences	36	39
	<u>121</u>	<u>153</u>
	<b>£'000</b>	<b>£'000</b>
Amount charged to the profit and loss account in the year in relation to deferred tax	<u>32</u>	<u>436</u>

**EPS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**5 TANGIBLE ASSETS**

	<b>Leasehold improvements £'000</b>	<b>Fixtures fittings and equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 1 April 2011	59	492	551
Additions	-	44	44
Disposals	(1)	(35)	(36)
Transfers out to group companies	(20)	(15)	(35)
<b>At 31 March 2012</b>	<b>38</b>	<b>486</b>	<b>524</b>
<b>Depreciation</b>			
At 1 April 2011	48	363	411
Charge for the year	8	85	93
Disposals	(1)	(33)	(34)
Transfers out to group companies	(17)	(14)	(31)
<b>At 31 March 2012</b>	<b>38</b>	<b>401</b>	<b>439</b>
<b>Net book value</b>			
<b>At 31 March 2012</b>	<b>-</b>	<b>85</b>	<b>85</b>
<b>At 31 March 2011</b>	<b>11</b>	<b>129</b>	<b>140</b>

**6 STOCKS**

	<b>2012 £'000</b>	<b>2011 £'000</b>
Raw materials	205	391
	<b>205</b>	<b>391</b>

**7 DEBTORS**

	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	6,202	9,464
Amounts recoverable on contracts	3,930	4,355
Amounts owed by Group undertakings	12,832	2,007
Other debtors	43	42
Prepayments and accrued income	189	116
Corporation tax	530	-
Deferred tax asset	121	153
	<b>23,847</b>	<b>16,137</b>

**EPS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**8. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	-	253
Payments received on account	417	-
Trade creditors	11,055	11,827
Amounts owed to Group undertakings	3,772	4,348
Corporation tax	-	136
Other taxation and social security	1,443	1,944
Other creditors	492	788
Accruals and deferred income	230	600
	<u>17,409</u>	<u>19,896</u>

**9 CALLED UP SHARE CAPITAL**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid share capital</b>		
150,000 £1 ordinary shares	150	150
	<u>150</u>	<u>150</u>

**10 RESERVES**

	<b>Profit and loss account £'000</b>
<b>At 1 April 2011</b>	12,622
Profit for the year	143
Capital contribution relating to share based payments	13
<b>At 31 March 2012</b>	<u>12,778</u>

**11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	143	2,225
Capital contribution relating to share-based payments	13	8
<b>Net addition to shareholders' funds</b>	<u>156</u>	<u>2,233</u>
Opening shareholders' funds	12,772	10,539
<b>Closing shareholders' funds</b>	<u>12,928</u>	<u>12,772</u>

**EPS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**12 FINANCIAL COMMITMENTS**

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

	<b>2012</b>		<b>2011</b>	
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Land and buildings £'000</b>	<b>Other £'000</b>
Expiry date				
- in less than one year	8	206	113	331
- between two and five years	385	312	202	444
- after five years	-	-	-	-
	<u>393</u>	<u>518</u>	<u>315</u>	<u>775</u>

**Capital commitments**

The company did not have any outstanding capital commitments that were not provided for at the end of the current year

**Performance bonds**

The company has outstanding performance bonds as follows

	<b>2012 £'000</b>	<b>2011 £'000</b>
Performance bonds	<u>510</u>	<u>1,786</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

	<b>2012 £'000</b>	<b>2011 £'000</b>
Overall commitment	<u>157,300</u>	<u>195,300</u>

**13 DIRECTORS**

**The emoluments of the directors of the company were**

- Aggregate emoluments  
- Aggregate value of contributions paid to a money purchase pension scheme

	<b>2012 £'000</b>	<b>2011 £'000</b>
- Aggregate emoluments	390	842
- Aggregate value of contributions paid to a money purchase pension scheme	26	50
	<u>416</u>	<u>892</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

	<b>2012 No</b>	<b>2011 No</b>
- were members of a defined benefit pension scheme	-	-
- were members of a defined contribution pension scheme	4	9
- exercised share options in the year	-	-



## EPS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

	2012 £'000	2011 £'000
<b>Highest paid director</b>		
- Aggregate emoluments	127	158
- Aggregate value of contributions paid to a money purchase pension scheme	10	14
	<u>137</u>	<u>172</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
W Robson	MITIE Group PLC
J Ridley	MITIE Property Management Limited
P Griffin	MITIE Property Management Limited
P D Reader	MITIE Property Management Limited
M Cox	MITIE Property Management Limited
P Kelly	MITIE Property Services (UK) Limited

## 14 EMPLOYEES

### Average employee numbers

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

	2012 No	2011 No
Operations	236	286
Administration	268	314
	<u>504</u>	<u>600</u>
<b>Employment cost</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	14,266	17,749
Social security costs	1,477	1,830
Other pension costs	204	303
Share-based payments	13	8
	<u>15,960</u>	<u>19,890</u>

## EPS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### 15 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

	2012		2011	
	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	114,838	190	-	-
Granted during the year	-	-	116,732	190
Forfeited during the year	(24,527)	190	(1,894)	190
Transferred (to)/from Group subsidiaries during the year	(17,009)	190	-	-
<b>Outstanding at end of the year</b>	<b>73,302</b>	<b>190</b>	<b>114,838</b>	<b>190</b>
<b>Exercisable at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## EPS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### SHARE-BASED PAYMENTS (continued)

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

	2012 £'000	2011 £'000
2001 Executive share options	-	-
2001 Savings Related share options	13	9
Long-term incentive plan scheme (LTIP)	-	-
	<u>13</u>	<u>9</u>
	2012	2011
The weighted average share price at the date of exercise for share options exercised during the year was (p)	-	-
The options outstanding at the year-end had a weighted average price of (p)	190	190
The options outstanding at the year-end had a weighted average remaining contractual life of (years)	<u>2</u>	<u>3</u>

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

	2012	2011
Share price (p)	191 - 243	191-230
Exercise price (p)	0 - 254	0-254
Expected volatility (%)	28 - 36	28-36
Expected life (years)	3 - 6	3 - 6
Risk-free rate (%)	1.48 - 5.25	1.49-5.25
Expected dividends (%)	2.22 - 4.10	2.22-3.93

#### 16 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 37 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £17.2 million (2011 deficit of £3 million).

Employer contributions to the scheme for the period are shown in note 14. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2011 17.5%).

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## **EPS GROUP LIMITED**

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

Year ended 31 March 2012

#### **17 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.

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

Environmental Property Services (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.