

**Company Registration Number 01402606**

**MITIE ENGINEERING SERVICES (WALES) LIMITED**

**Report and Financial Statements**

**31 March 2010**

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# **MITIE ENGINEERING SERVICES (WALES) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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# **MITIE ENGINEERING SERVICES (WALES) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

S C Baxter  
M T Bloomfield  
B R Edwards  
J J W Green  
D E Jones  
R McGregor-Smith  
C J Williams

### **SECRETARY**

MITIE Company Secretarial Services Limited

### **REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emersons Green  
Bristol  
BS16 7FH

### **BANKERS**

HSBC Bank plc  
62 George White Street  
Cabot Circus  
Bristol  
BS1 3BA

### **AUDITORS**

Deloitte LLP  
Chartered Accountants  
London  
EC4A 3BZ

## **MITIE ENGINEERING SERVICES (WALES) LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 March 2010

### **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 UK 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 ACTIVITY AND REVIEW OF THE BUSINESS**

The company is a wholly owned subsidiary of MITIE Group PLC (the Group). The company provides the installation and maintenance of electrical and mechanical services in domestic, commercial and industrial premises.

On 30 June 2009, the company purchased the trade and assets of MITIE Engineering Services (Swansea) Limited for a total cash consideration based on net assets of £1.28 million.

As shown in the company's profit and loss account on page 6, the company's sales have increased by 24% over the prior year. Over the same period, the company has made a profit after tax of £381,578 compared to a profit after tax of £334,529 in the previous year. This increase in turnover and profit after tax is partly due to the purchase of the trade of MITIE Engineering Services (Swansea) Limited in the period as noted above.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has, in net asset terms, decreased since the previous year.

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

## **MITIE ENGINEERING SERVICES (WALES) LIMITED**

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

#### **GOING CONCERN REVIEW**

The company's business activities, performance and position, are set out above. The financial position of the company is set out in the attached financial statements. In addition, the principal risks and uncertainties section below summarises the policies and processes in place to manage financial and operational risk. These are covered in more detail within the MITIE Group PLC financial statements.

The company made a profit in the year and has long-term relationships with a number of customers and suppliers across the UK. It can also call on the support of its parent company, MITIE Group PLC, which has access to considerable financial resources should the need arise. As a consequence of the above and having reviewed the five year forecasts of the business, the directors believe that the company is well placed to manage its business risks successfully and have a reasonable expectation that the company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **DIVIDENDS**

Dividends of £64.56 (2009: £12.51) per ordinary share were approved and paid during the year.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

#### **FINANCIAL RISK MANAGEMENT**

The directors have reviewed the financial risk management objectives and policies of the company. The directors do not believe there to be significant risks in this area. The company does not enter into any hedging instruments, as there are not believed to be any material exposures. It does not enter into any financial instruments for speculative purposes.

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

#### **PAYMENT POLICY**

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere to the supplier's standard terms. As at 31 March 2010 trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 89 days (2009: 129 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.

## **MITIE ENGINEERING SERVICES (WALES) LIMITED**

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

#### **EMPLOYEES**

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their aptitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company recognises the importance of good communications and employee relationships. In each company, there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purpose of the business and the commercial realities of success. Employees are encouraged to become shareholders through the Savings Related Share Option Scheme.

#### **DIRECTORS**

The directors during the year and subsequently were as follows:

S C Baxter  
M T Bloomfield  
B R Edwards  
J J W Green  
D E Jones  
R McGregor-Smith  
C J Williams

#### **AUDITORS**

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



S C Baxter  
Director

9 July 2010

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITIE ENGINEERING SERVICES (WALES) LIMITED**

We have audited the financial statements of MITIE Engineering Services (Wales) Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

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 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 (APB'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.

### **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 2010 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 matter 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.



**Ian Krieger (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

9 July 2010.

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March 2010

|  | Note | 2010<br>£    | 2009<br>£   |
|--|------|--------------|-------------|
| <b>TURNOVER</b>  | 1    | 14,878,767   | 12,005,193  |
| Cost of sales  |      | (12,550,321) | (9,739,287) |
| <b>GROSS PROFIT</b>                                      |      | 2,328,446    | 2,265,906   |
| Administrative expenses                                  |      | (1,816,061)  | (1,838,929) |
| <b>OPERATING PROFIT</b>                                  | 2    | 512,385      | 426,977     |
| Interest receivable and similar income                   | 3    | 19,182       | 52,255      |
| Interest payable and similar charges                     | 3    | (68)         | (138)       |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |      | 531,499      | 479,094     |
| Tax on profit on ordinary activities                     | 4    | (149,921)    | (144,565)   |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     | 14   | 381,578      | 334,529     |

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 ENGINEERING SERVICES (WALES) LIMITED

## BALANCE SHEET

At 31 March 2010

|  | Note | 2010        |                  | 2009        |                  |
|--|------|-------------|------------------|-------------|------------------|
|  |      | £           | £                | £           | £                |
| <b>FIXED ASSETS</b>  |      |             |                  |             |                  |
| Intangible assets  | 6    |             | 497,101          |             | 524,722          |
| Tangible assets  | 7    |             | 86,692           |             | 74,032           |
|  |      |             | <u>583,793</u>   |             | <u>598,754</u>   |
| <b>CURRENT ASSETS</b>  |      |             |                  |             |                  |
| Stocks   | 9    | 8,082       |                  | 926         |                  |
| Debtors  | 10   | 3,929,311   |                  | 4,227,187   |                  |
| Cash at bank and in hand                                       |      | 1,579,842   |                  | 1,445,742   |                  |
|  |      |             | <u>5,517,235</u> |             | <u>5,673,855</u> |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>          | 11   | (5,114,152) |                  | (4,396,686) |                  |
| <b>NET CURRENT ASSETS</b>                                      |      |             | <u>403,083</u>   |             | <u>1,277,169</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |             | 986,876          |             | 1,875,923        |
| <b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b> | 12   |             | (813)            |             | (544)            |
| <b>NET ASSETS</b>  |      |             | <u>986,063</u>   |             | <u>1,875,379</u> |
| <b>SHARE CAPITAL AND RESERVES</b>                              |      |             |                  |             |                  |
| Called up share capital  | 13   |             | 20,000           |             | 20,000           |
| Profit and loss account  | 14   |             | 966,063          |             | 1,855,379        |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 15   |             | <u>986,063</u>   |             | <u>1,875,379</u> |

The financial statements of MITIE Engineering Services (Wales) Limited, company registration number 01402606, were approved by the board and authorised for issue on 9 July 2010



S C Baxter  
Director

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 1. ACCOUNTING POLICIES

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

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Going concern

The financial statements have been prepared under the going concern basis. As discussed on page 3, the company has been profitable in the year and following a consideration of the forecast profit and associated cash flows against facilities, the directors consider the adoption of the going concern basis to be appropriate.

#### Turnover

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

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

|                            |               |
|----------------------------|---------------|
| Plant and office equipment | 3 to 10 years |
| Motor vehicles             | 4 years       |

#### Leasing and hire purchase commitments

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

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.

#### Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 1 ACCOUNTING POLICIES (continued)

#### Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Pension costs

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme.

For defined contribution schemes, the amount charged to the profit and loss account is the contribution payable in the year.

#### Goodwill

Goodwill represents the excess of the cost of acquisition, being the open market value in accordance with the intra group assets acquisition agreement over the fair value of the identifiable assets and liabilities. Goodwill is initially recognised as an asset at cost and is subsequently amortised over 20 years on a straight-line basis.

#### Share-based payments

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

#### Cash flow statement

The company has taken the exemption from the requirement to prepare a cash flow statement as it is included within the consolidated financial statements of MITIE Group PLC and greater than 90% of the voting rights of the company are held by MITIE Group PLC.

| 2. OPERATING PROFIT                                   | 2010    | 2009     |
|---|---------|----------|
|   | £       | £        |
| Operating profit is stated after charging/(crediting) |         |          |
| Depreciation on owned assets                          | 25,956  | 38,513   |
| Depreciation on leased assets                         | 6,164   | 3,710    |
| Amortisation of goodwill                              | 27,621  | 27,621   |
| Operating lease rentals - land and buildings          | 64,500  | 45,000   |
| Auditors' remuneration - audit services               | 12,750  | 6,290    |
| Profit on disposal of tangible fixed assets           | (2,070) | (12,061) |

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

|           |   |                   |                   |
|-----------|---|-------------------|-------------------|
| <b>3.</b> | <b>INTEREST</b>   | <b>2010</b>       | <b>2009</b>       |
|           |   | <b>£</b>          | <b>£</b>          |
|           | <b>Interest receivable and similar income</b>   |                   |                   |
|           | Bank interest   | 19,182            | 52,255            |
|           |   | <u>          </u> | <u>          </u> |
|           | <b>Interest payable and similar charges</b>   | <b>£</b>          | <b>£</b>          |
|           | Other interest  | 68                | 138               |
|           |   | <u>          </u> | <u>          </u> |
| <b>4.</b> | <b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>   | <b>2010</b>       | <b>2009</b>       |
|           |   | <b>£</b>          | <b>£</b>          |
|           | <b>(a) Analysis of charge in year</b>   |                   |                   |
|           | United Kingdom corporation tax at 28% (2009 28%)  | 152,803           | 142,932           |
|           | Adjustment in respect of prior years  | (6,484)           | (241)             |
|           |   | <u>          </u> | <u>          </u> |
|           | <b>Total current tax note 4(b))</b>   | <b>146,319</b>    | <b>142,691</b>    |
|           | <b>Deferred taxation</b>  |                   |                   |
|           | Timing differences - origination and reversal   | 1,915             | 3,030             |
|           | Adjustment in respect of prior years  | 1,687             | (1,156)           |
|           |   | <u>          </u> | <u>          </u> |
|           | <b>Tax on profit on ordinary activities</b>   | <b>149,921</b>    | <b>144,565</b>    |
|           |   | <u>          </u> | <u>          </u> |
|           | <b>(b) Factors affecting tax charge in year</b>   |                   |                   |
|           | The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are as follows |                   |                   |
|           |   | <b>£</b>          | <b>£</b>          |
|           | Profit on ordinary activities before tax  | 531,499           | 479,094           |
|           |   | <u>          </u> | <u>          </u> |
|           |   | <b>£</b>          | <b>£</b>          |
|           | Tax at 28% (2009 28%) thereon   | 148,820           | 134,146           |
|           | Expenses allowable for tax purposes   | 13,543            | 12,740            |
|           | Depreciation (less than)/in excess of capital allowances  | (1,686)           | 789               |
|           | Relief in respect of employee share options   | (8,076)           | (924)             |
|           | Movement in short-term timing differences   | 202               | (3,819)           |
|           | Adjustments in respect of prior years   | (6,484)           | (241)             |
|           |   | <u>          </u> | <u>          </u> |
|           | <b>Current tax charge for the year (note 4(a))</b>  | <b>146,319</b>    | <b>142,691</b>    |
|           |   | <u>          </u> | <u>          </u> |

### (c) Factors affecting future tax charges

The company is not aware of any factors that will materially affect the future tax charge apart from the proposed, phased reduction in corporation tax rates to 24% by 2015 which has not yet been enacted

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

|           |  |                  |                |
|-----------|--|------------------|----------------|
| <b>5</b>  | <b>DIVIDENDS</b>   | <b>2010</b>      | <b>2009</b>    |
|           |  | <b>£</b>         | <b>£</b>       |
|           | The dividends approved and paid in the year are as follows |                  |                |
|           | £64 56 (2009 £12 51) per share on £1 ordinary shares       | <u>1,291,187</u> | <u>250,161</u> |
| <b>6.</b> | <b>INTANGIBLE FIXED ASSETS</b>                             |                  |                |
|           |  | <b>Goodwill</b>  |                |
|           |  | <b>£</b>         |                |
|           | <b>Cost</b>  |                  |                |
|           | At 1 April 2009 and at 31 March 2010                       | <u>552,419</u>   |                |
|           | <b>Amortisation</b>  |                  |                |
|           | At 1 April 2009  | 27,697           |                |
|           | Charge for the year  | <u>27 621</u>    |                |
|           | At 31 March 2010   | <u>55,318</u>    |                |
|           | <b>Net book value</b>                                      |                  |                |
|           | At 31 March 2010   | <u>497,101</u>   |                |
|           | At 31 March 2009   | <u>524,722</u>   |                |

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 7. TANGIBLE FIXED ASSETS

|                       | Plant<br>£   | Office<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£     |
|-----------------------|--------------|--------------------------|------------------------|----------------|
| <b>Cost</b>           |              |                          |                        |                |
| At 1 April 2009       | 1 750        | 39,223                   | 144 632                | 185,605        |
| Additions             | -            | 4,338                    | 33,887                 | 38,225         |
| Disposals             | -            | (1,220)                  | (21,845)               | (23,065)       |
| Transfers in          | 1,800        | -                        | 17,308                 | 19,108         |
| Transfers out         | -            | (1,117)                  | -                      | (1,117)        |
| At 31 March 2010      | <u>3,550</u> | <u>41,224</u>            | <u>173,982</u>         | <u>218,756</u> |
| <b>Depreciation</b>   |              |                          |                        |                |
| At 1 April 2009       | 1,196        | 24,752                   | 85,625                 | 111,573        |
| Charge for the year   | 620          | 8,285                    | 23,215                 | 32,120         |
| Disposals             | -            | (1,220)                  | (18,115)               | (19,335)       |
| Transfers in          | 1,380        | -                        | 7,465                  | 8,845          |
| Transfers out         | -            | (1,139)                  | -                      | (1,139)        |
| At 31 March 2010      | <u>3,196</u> | <u>30,678</u>            | <u>98,190</u>          | <u>132,064</u> |
| <b>Net book value</b> |              |                          |                        |                |
| At 31 March 2010      | <u>354</u>   | <u>10,546</u>            | <u>75,792</u>          | <u>86,692</u>  |
| At 31 March 2009      | <u>554</u>   | <u>14,471</u>            | <u>59,007</u>          | <u>74,032</u>  |

Net book value at 31 March 2010 includes £32,265 in respect of assets acquired under finance leases (2009 £17,630)

### 8. ACQUISITIONS

On 30 June 2009, the company acquired the trade and assets of MITIE Engineering Services (Swansea) Limited. The fair value of the total consideration was £1.28 million. The following table sets out the book values of the identifiable assets and liabilities acquired.

Acquisitions are accounted for under the acquisition method.

The book value of the assets acquired equate to their fair value.

| Net assets acquired     | £                |
|-------------------------|------------------|
| Tangible fixed assets   | 21,257           |
| Debtors                 | 712,846          |
| Cash                    | 1,464,405        |
| Creditors               | (919,413)        |
|                         | <u>1,279,095</u> |
| Satisfied by cash       | 1,279,095        |
| Goodwill on acquisition | -                |
|                         | <u>1,279,095</u> |

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 8. ACQUISITIONS (continued)

MITIE Engineering Services (Swansea) Limited made a profit after taxation of £63,766 in the year ended 31 March 2010 (2009 £395,002) This result arose in the period from 1 April 2009 to 30 June 2009

| 9. STOCKS        | 2010<br>£ | 2009<br>£ |
|------------------|-----------|-----------|
| Work in progress | 8,082     | 926       |

| 10. DEBTORS                        | 2010<br>£        | 2009<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 2,747,546        | 3,603,057        |
| Amounts recoverable on contracts   | 1,129,626        | 534,485          |
| Amounts owed by group undertakings | 4,696            | 3,984            |
| Other debtors                      | 3,454            | 24,637           |
| Deferred tax asset                 | 22,266           | 24,248           |
| Prepayments and accrued income     | 21,723           | 36,776           |
|                                    | <u>3,929,311</u> | <u>4,227,187</u> |

A net deferred tax asset of £22,266 has been recognised at 31 March 2010 (2009 £24,248) This asset relates to negative accelerated capital allowances, share-based payments and other timing differences The directors are of the opinion that suitable profits will be available in periods in which these differences will reverse The amount charged to the profit and loss account in the year was £3,602 (2009 £1,874)

| 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 2010<br>£        | 2009<br>£        |
|--|------------------|------------------|
| Payments received on account                       | 100,356          | 17,968           |
| Trade creditors                                    | 2,959,290        | 3,094,285        |
| Amounts owed to group undertakings                 | 1,676,793        | 961,037          |
| Corporation tax                                    | 39,349           | 123,447          |
| Other taxes and social security costs              | 165,623          | 82,132           |
| Other creditors                                    | 7,592            | 2,089            |
| Accruals and deferred income                       | 165,149          | 115,728          |
|  | <u>5,114,152</u> | <u>4,396,686</u> |

| 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR                            | 2010<br>£ | 2009<br>£ |
|--|-----------|-----------|
| Obligations under finance leases due later than one year and not later than five years | 813       | 544       |

Finance leases are secured on the assets to which they relate

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

|            |   |                   |                   |
|------------|---|-------------------|-------------------|
| <b>13</b>  | <b>CALLED UP SHARE CAPITAL</b>                            | <b>2010</b>       | <b>2009</b>       |
|            |   | <b>£</b>          | <b>£</b>          |
|            | <b>Authorised</b>   |                   |                   |
|            | 20,000 £1 Ordinary shares                                 | 20,000            | 20,000            |
|            |   | <u>          </u> | <u>          </u> |
|            |   | <b>£</b>          | <b>£</b>          |
|            | <b>Allotted, called up and fully paid</b>                 |                   |                   |
|            | 20,000 £1 Ordinary shares                                 | 20,000            | 20,000            |
|            |   | <u>          </u> | <u>          </u> |
| <b>14</b>  | <b>PROFIT AND LOSS ACCOUNT</b>                            | <b>£</b>          |                   |
|            | At 1 April 2009   | 1,855,379         |                   |
|            | Profit for the financial year                             | 381,578           |                   |
|            | Dividends (note 5)  | (1,291,187)       |                   |
|            | Capital contribution                                      | 20,293            |                   |
|            |   | <u>          </u> |                   |
|            | <b>At 31 March 2010</b>                                   | <b>966,063</b>    |                   |
|            |   | <u>          </u> |                   |
| <b>15.</b> | <b>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b> | <b>2010</b>       | <b>2009</b>       |
|            |   | <b>£</b>          | <b>£</b>          |
|            | Profit for the financial year                             | 381,578           | 334,529           |
|            | Dividends (note 5)  | (1,291,187)       | (250,161)         |
|            | Capital contribution                                      | 20,293            | 11,153            |
|            |   | <u>          </u> | <u>          </u> |
|            | Net (reduction)/addition to shareholders funds            | (889,316)         | 95,521            |
|            | Opening shareholders' funds                               | 1,875,379         | 1,779,858         |
|            |   | <u>          </u> | <u>          </u> |
|            | <b>Closing shareholders' funds</b>                        | <b>986,063</b>    | <b>1 875,379</b>  |
|            |   | <u>          </u> | <u>          </u> |



## MITIE ENGINEERING SERVICES (WALES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

#### 16 FINANCIAL COMMITMENTS

##### Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts and loans. As at 31 March 2010, the overall commitment was £109 million (2009 £10 million)

#### 17. DIRECTORS

|  | 2010    | 2009    |
|--|---------|---------|
|  | £       | £       |
| The emoluments of the directors of the company were  |         |         |
| Fees and other emoluments (excluding pension contributions but including benefits-in-kind) | 231,803 | 244,723 |

|   |   |   |
|---|---|---|
| Fees and emoluments disclosed above (excluding pension contributions) include amounts paid to | £ | £ |
|---|---|---|

|                           |        |        |
|---------------------------|--------|--------|
| The highest paid director | 89,411 | 83,046 |
|---------------------------|--------|--------|

The accrued pension for the highest paid director at 31 March 2010 was £20,088 (2009 £17,918)

|  | No | No. |
|--|----|-----|
| The number of directors who were members of a defined benefit pension scheme | 3  | 3   |

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

## MITIE ENGINEERING SERVICES (WALES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

#### 18. EMPLOYEES

##### Number of employees

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

|                               | 2010<br>No. | 2009<br>No. |
|-------------------------------|-------------|-------------|
| Site labour                   | 102         | 89          |
| Administration and management | 47          | 36          |
|                               | <u>149</u>  | <u>125</u>  |

##### Employment costs

|                                    | £                | £                |
|------------------------------------|------------------|------------------|
| Wages and salaries                 | 4,800,077        | 4,131,347        |
| Social security costs              | 460,274          | 427,738          |
| Pension costs                      | 166,885          | 93,930           |
| Share-based payments (see note 19) | 20,293           | 11,153           |
|                                    | <u>5,447,529</u> | <u>4,664,168</u> |

#### 19. 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.

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

The Savings Related share option scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the Scheme are issued. For options granted prior to September 2009, the vesting period is five years. For options granted in September 2009 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.

# MITIE ENGINEERING SERVICES (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 19 SHARE-BASED PAYMENTS (continued)

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

|  | 2010                          |  | 2009                          |  |
|--|-------------------------------|--|-------------------------------|--|
|  | Number<br>of share<br>options | Weighted<br>average<br>exercise<br>price<br>(in p) | Number<br>of share<br>options | Weighted<br>average<br>exercise<br>price<br>(in p) |
| Outstanding at beginning of the year                   | 168,675                       | 163  | 180,891                       | 153  |
| Granted during the year                                | 45,761                        | 193  | 33,215                        | 190  |
| Forfeited during the year                              | (31,044)                      | 176  | (16,586)                      | 188  |
| Transferred from Group subsidiaries<br>during the year | 20,634                        | 166  | 6,398                         | 145  |
| Exercised during the year                              | (44,074)                      | 120  | (35,243)                      | 120  |
| <b>Outstanding at end of the year<sup>(1)</sup></b>    | <b>159,952</b>                | <b>181</b>   | <b>168,675</b>                | <b>163</b>   |
| <b>Exercisable at end of the year</b>                  | <b>-</b>                      | <b>-</b>   | <b>2,654</b>                  | <b>120</b>   |

<sup>(1)</sup> There are no options included within this balance (2009 nil) that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20.

The company recognised the following expenses/(income) related to share-based payments

|                                    | 2010<br>£     | 2009<br>£     |
|------------------------------------|---------------|---------------|
| 2001 Executive share options       | 3,015         | (10,661)      |
| 2001 Savings Related share options | 17,278        | 21,814        |
|                                    | <b>20,293</b> | <b>11,153</b> |

The weighted average share price at the date of exercise for share options exercised during the period was 181p (2009 200p)

The options outstanding at 31 March 2010 had a weighted average exercise price of 181p (2009 163p) and a weighted average remaining contractual life of 2.53 years (2009 2.56 years)

In the year ended 31 March 2010, options were granted in July and August 2009 in respect of the Executive and Savings Related share option schemes respectively. The aggregate of the estimated fair values of the options granted on those dates is £16,465.

## MITIE ENGINEERING SERVICES (WALES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

#### 19. SHARE-BASED PAYMENTS (continued)

In the year ended 31 March 2009, options were granted in July and September 2008 in respect of the Executive and Savings Related share option schemes respectively. The aggregate of the estimated fair values of the options granted on those dates is £10,906.

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

|                         | 2010         | 2009         |
|-------------------------|--------------|--------------|
| Share price (p)         | 133 to 230   | 133 to 230   |
| Exercise price (p)      | 120 to 254   | 120 to 254   |
| Expected volatility (%) | 27 to 36     | 27 to 30     |
| Expected life (years)   | 3 to 6       | 3 to 6       |
| Risk-free rate (%)      | 2.42 to 5.25 | 4.17 to 5.25 |
| Expected dividends (%)  | 1.43 to 3.30 | 1.43 to 3.15 |

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.

#### 20. 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 33 to the Report and Accounts of the group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £6.8 million (2009: surplus of £3.0 million).

Employer contributions to the scheme for the period are shown in note 18. The combined contribution rate for employee and employer contributions for the next 12 months is 17.5% (2009: 17.5%).

## MITIE ENGINEERING SERVICES (WALES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

#### 21 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of MITIE Group PLC. The company entered into transactions with entities that are not 100% owned by MITIE Group PLC which require disclosure under FRS 8.

| Related Party                             | Nature of transaction | Amount of transaction |         | Year end balance |        |
|---|-----------------------|-----------------------|---------|------------------|--------|
|   |                       | 2010                  | 2009    | 2010             | 2009   |
|   |                       | £                     | £       | £                | £      |
| MITIE Property Services (UK) Limited      | Services provided     | 12,333                | -       | -                | -      |
| MITIE Engineering Services (Midlands) Ltd | Services provided     | 5,820                 | -       | -                | -      |
| MITIE Cleaning Services Limited           | Services received     | 100,257               | 106,588 | 23,805           | 20,880 |
| MITIE Security Limited                    | Services received     | 4,341                 | -       | 2,547            | -      |

There were no transactions with entities other than members of MITIE Group PLC which require disclosure under FRS 8.

#### 22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking and controlling party. MITIE Group PLC is the smallest and largest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.