

AMENDED

Company Registration Number 2010534

MITIE SECURITY (LONDON) LIMITED

Report and Financial Statements

Year ended 31 March 2011



MITIE SECURITY (LONDON) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2011

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MITIE SECURITY (LONDON) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Baxter
J P Flanagan
R McGregor-Smith
N R Goodman
J S Tomlin

SECRETARY

MITIE Company Secretariat

REGISTERED OFFICE

8 Monarch
The Brooms
Emerson Green
Bristol
BS16 7FH

BANKERS

Barclays Bank PLC
Park House
New Brick Road
Stoke Gifford
Bristol
BS34 8TN

AUDITOR

Deloitte LLP
Bristol

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 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 is a wholly owned subsidiary of MITIE Group PLC (the 'Group'). The company provides security solutions. There have not been any significant changes in the company's principal activities in the year under review and the directors are not aware of any likely major changes.

The company's profit and loss account is shown on page 9. The profit after tax is £2,008,000 (2010: £2,310,000).

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: £10.69 per share (2010: £9.23)

PRINCIPAL RISKS AND UNCERTAINTIES

Loss of key customers is a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers. Risks are discussed in the Group's annual report which does not form part of this report.

Directors Report continued...

FINANCIAL RISK MANAGEMENT

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

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

GOING CONCERN

The company was profitable in the year. The directors have considered the forecast and budgeted profit and associated cash flows for the coming five years. The directors have considered the facilities available to the entity and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it appropriate to adopt the going concern basis in the preparation of the company's financial statements.

PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March 2011, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 9 days (2010: 13 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 Report continued .

DIRECTORS

The directors during the year and subsequently were as follows

S C Baxter
J P Flanagan
R McGregor-Smith
N R Goodman
J S Tomlin

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 directors have 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 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 auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



J S Tomlin
Director

11 July 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITIE SECURITY (LONDON) LIMITED

We have audited the financial statements of MITIE Security (London) Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with 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 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. 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 2011 and of its profit for the year ended then,
- 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

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 by the company, or returns adequate for our audit have not been received from branches not visited by us, 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

Nigel Thomas.

Nigel Thomas (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Bristol, United Kingdom

11 July 2011.

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2011

	Note	2011 £'000	2010 £'000
TURNOVER	1	80,465	82,015
Cost of sales		<u>(72,859)</u>	<u>(73,655)</u>
GROSS PROFIT		7,606	8,360
Administration expense		<u>(4,741)</u>	<u>(5,100)</u>
OPERATING PROFIT	2	2,865	3,260
PROFIT ON OPERATING ACTIVITIES BEFORE INTEREST AND TAXATION		<u>2,865</u>	<u>3,260</u>
Interest receivable and similar income	3	15	-
Interest payable and similar charges	3	<u>(9)</u>	<u>(21)</u>
PROFIT ON OPERATING ACTIVITIES BEFORE TAXATION		2,871	3,239
Tax charge on profit on ordinary activities	5	<u>(863)</u>	<u>(929)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,008</u>	<u>2,310</u>

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

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

BALANCE SHEET

Year ended 31 March 2011

		2011		2010	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	6		398		462
Tangible assets	7		<u>157</u>		<u>203</u>
			555		665
CURRENT ASSETS					
Debtors					
- due within one year	8	14,973		15,239	
- due after one year	8	-		-	
Cash at bank and in hand		-		1	
		<u>14,973</u>		<u>15,240</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	9	<u>(9,215)</u>		<u>(9,270)</u>	
NET CURRENT ASSETS			<u>5,758</u>		<u>5,970</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,313		6,635
NET ASSETS			<u>6,313</u>		<u>6,635</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	10		221		221
Share premium account	11		188		188
Profit and loss account	11		5,904		6,226
SHAREHOLDERS' FUNDS	12		<u>6,313</u>		<u>6,635</u>

The financial statements of MITIE Security (London) Limited, company registered number 2010534, were approved by the board and authorised for issue on 11 July 2011



J S Tomlin
Director

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

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 director's consideration of going concern are given in the going concern section of the director's 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.

Intangible assets - 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.

Investments

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

Tangible fixed assets and depreciation

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

Leasehold Improvements Lease term

Motor Vehicles 2 to 4 years

Other 3 to 10 years

Operating leases

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

Finance leases

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

Stock

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

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Accounting Policies continued .

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

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

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Pension costs

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

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

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

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

Share-based payment

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

Group accounts

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

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.

Operating Income

Operating income represents management charges receivable from other group companies. Operating income from the supply of management services represents the value of services provided to the extent that there is a right to consideration and is recorded at the value of the consideration due.

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

2. OPERATING PROFIT

Operating Profit is stated after charging	2011 £'000	2010 £'000
Profit on disposal of fixed assets	(10)	(20)
Depreciation of tangible fixed assets		
owned	64	93
held under finance leases	-	-
Amortisation of goodwill	64	64
Operating lease rentals		
plant and machinery	3	72
other	213	328
Fees payable to the Company's auditors for the audit of the company's annual accounts	-	-

Audit fees of £10,000 (2010 £10,000) were borne by MITIE Security Ltd and not recharged

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

3. INTEREST

Interest receivable and similar income	2011 £'000	2010 £'000
Bank interest	15	-
Net pension scheme interest income	-	-
	<u>15</u>	<u>-</u>
Interest payable and similar charges	£'000	£'000
Bank interest	9	21
Finance leases	-	-
Net pension scheme interest cost	-	-
Other	-	-
	<u>9</u>	<u>21</u>

4. DIVIDENDS

The dividends approved and paid in the year are as follows

	2011 £'000	2010 £'000
Ordinary	<u>2,360</u>	<u>2,038</u>

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 28% (2010 28%)	839	944
Adjustment in respect of prior years	(5)	(5)
Total current tax (note 5(b))	<u>834</u>	<u>939</u>
Deferred taxation		
Timing differences - origination and reversal	26	(13)
Adjustment in respect of prior years	3	3
Tax on profit on ordinary activities	<u>863</u>	<u>929</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 28% (2010 28%) The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	<u>2,871</u>	<u>3,239</u>
	£'000	£'000
Tax at 28% (2010 28%) thereon	804	907
Expenses not deductible for tax purposes	32	30
Differences between capital allowances and depreciation	(2)	(3)
Relief in respect of employee share options	(3)	10
Other timing differences	8	-
Adjustments to tax charge in respect of prior periods	(5)	(5)
Current tax charge for the year (Note 5 (a))	<u>834</u>	<u>939</u>

The deferred tax balance comprises the following

	£'000	£'000
Depreciation in excess of capital allowances	47	45
Share based payment timing difference	6	20
Other timing differences	3	20
	<u>56</u>	<u>85</u>
	£'000	£'000
Amount charged/(credited) to the profit and loss account in the year in relation to deferred tax	<u>29</u>	<u>(10)</u>

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

6. INTANGIBLE ASSETS

	Goodwill £'000
Cost	
At 1 April 2010	814
At 31 March 2011	<u>814</u>
Amortisation	
At 1 April 2010	352
Charge for the year	64
At 31 March 2011	<u>416</u>
Net book value	
At 31 March 2011	<u>398</u>
At 1 April 2010	<u>462</u>

7. TANGIBLE ASSETS

	Leasehold Improvements £'000	Motor Vehicles £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2010	210	202	519	931
Additions	-	17	53	70
Disposals	(123)	(117)	-	(240)
At 31 March 2011	<u>87</u>	<u>102</u>	<u>572</u>	<u>761</u>
Depreciation				
At 1 April 2010	185	138	405	728
Charge for the year	3	14	47	64
Disposals	(102)	(86)	-	(188)
At 31 March 2011	<u>86</u>	<u>66</u>	<u>452</u>	<u>604</u>
Net book value				
At 31 March 2011	<u>1</u>	<u>36</u>	<u>120</u>	<u>157</u>
At 31 March 2010	<u>25</u>	<u>64</u>	<u>114</u>	<u>203</u>
Leased assets included above				
Net book value				
At 31 March 2011	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
At 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

8. DEBTORS

	2011 £'000	2010 £'000
Amounts falling due within one year		
Trade debtors	10,328	9,269
Amounts owed by Group undertakings	3,062	3,607
Other debtors	161	108
Prepayments and accrued income	1,366	2,170
Deferred tax asset	56	85
	<u>14,973</u>	<u>15,239</u>
	£'000	£'000
Amounts falling due after more than one year:	<u>-</u>	<u>-</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Bank loans and overdrafts	398	216
Trade creditors	144	490
Amounts owed to Group undertakings	-	93
Corporation tax	470	483
Other taxation and social security	5,543	5,195
Other creditors	350	198
Accruals and deferred income	2,310	2,595
	<u>9,215</u>	<u>9,270</u>

10. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Allotted, called up and fully paid share capital		
220,832 £ Ordinary	221	221
	<u>221</u>	<u>221</u>

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

11. RESERVES

	Share premium account £'000	Capital redemptio n reserve £'000	Profit and loss account £'000
At 1 April 2010	188	-	6,226
Profit for the year	-	-	2,008
Dividend	-	-	(2,360)
Capital contribution relating to share based payments	-	-	30
At 31 March 2011	<u>188</u>	<u>-</u>	<u>5,904</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Profit for the financial year	2,008	2,310
Issue of share capital	-	-
Dividends paid on equity shares	(2,360)	(2,039)
Capital contribution relating to share-based payments	30	50
(Net reduction in)/addition to shareholders' funds	<u>(322)</u>	<u>321</u>
Opening shareholders' funds	<u>6,635</u>	<u>6,314</u>
Closing shareholders' funds	<u>6,313</u>	<u>6,635</u>

MITIE SECURITY (LONDON) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

13. FINANCIAL COMMITMENTS

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

	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- in less than one year	-	22	-	49
- between two and five years	240	-	235	-
- after five years	-	-	-	-
	<u>240</u>	<u>22</u>	<u>235</u>	<u>49</u>

Capital commitments**Capital commitments are as follows**

Contracted but not provided for

- capital expenditure
- other

	2011 £'000	2010 £'000
	-	-
	-	-
	<u>-</u>	<u>-</u>

Performance bonds

The company has outstanding performance bonds as follows

Performance bonds

	2011 £'000	2010 £'000
	-	-
	<u>-</u>	<u>-</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

	2011 £'000	2010 £'000
Overall commitment	<u>195,000</u>	<u>-</u>

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

14. DIRECTORS

	2011 £'000	2010 £'000
The emoluments of the directors of the company were:		
- Aggregate emoluments	-	176
	-	176
	£'000	£'000
Highest paid director.		
- Aggregate emoluments	-	-
	-	-
	No.	No.
The number of directors who were members of a defined benefit pension scheme	-	-
	No.	No.
The number of directors who exercised share options in the year	-	-

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

The following directors are also directors 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 of other group companies.

Director	Remunerated by
S C Baxter	MITIE Group PLC
J P Flanagan	MITIE Group PLC
R McGregor-Smith	MITIE Group PLC
N R Goodman	MITIE Group PLC
J S Tomlin	MITIE Security Ltd

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

15. EMPLOYEES

Average employee numbers

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

	2011 No.	2010 No.
Operations	2,702	2,965
Administration	61	85
	<u>2,763</u>	<u>3,050</u>
Employment cost	£'000	£'000
Wages and salaries	59,617	65,995
Social security costs	5,678	5,957
Other pension costs	29	133
Share-based payments	30	50
	<u>65,354</u>	<u>72,135</u>

16. 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, the performance condition that must be satisfied is that the percentage growth in the earnings per share over a three-year period must be equal or greater than 10.0% per annum compound in respect of awards prior to July 2007 and 4.0% above the Retail Price per annum thereafter.

The MITIE Group PLC 2001 Savings Related share option scheme

The Savings Related share option scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the Scheme are issued. 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.

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Share-Based Payments continued..

The MITIE Group PLC Long Term Incentive Plan (LTIP)

The LTIP was introduced in July 2007 following shareholder approval at the AGM. 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 of between 5.0% and 14.0% above the Retail Price Index per annum compound growth in earnings per share over a three year period.

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

	2011		2010	
	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	355,560	192	318,990	191
Granted during the year	93,283	190	127,689	195
Forfeited during the year	(92,236)	191	(75,922)	201
Transferred (to)/from Group subsidiaries during the year	(2,575)	237	2,146	184
Exercised during the year	(21,928)	143	(17,343)	153
Outstanding at end of the year	332,104	195	355,560	192
Exercisable at end of year	32,398	175	18,725	168

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

	2011 £'000	2010 £'000
2001 Executive share options	4	13
2001 Savings Related share options	25	37
Long-term incentive plan scheme (LTIP)	-	-
	<u>29</u>	<u>50</u>

	2011	2010
The weighted average share price at the date of exercise for share options exercised during the year was (p)	198	236
The options outstanding at the year-end had a weighted average price of (p)	-	192
The options outstanding at the year-end had a weighted average remaining contractual life of (years)	<u>3</u>	<u>4</u>

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Share-Based Payments continued ..

The company granted options in the period as detailed below

Share scheme	Fair value £'000
SAYE	30

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

	2011	2010
Share price (p)	191 to 230	133 to 230
Exercise price (p)	0 to 254	120 to 254
Expected volatility (%)	28 to 36	27 to 36
Expected life (years)	3 to 6	3 to 6
Risk-free rate (%)	1.49 to 5.25	2.42 to 5.25
Expected dividends (%)	2.22 to 3.93	1.43 to 3.3

17. PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 35 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £3 million (2010 deficit of £6.8 million).

Employer contributions to the scheme for the period are shown in note 15. The agreed contribution rate for employee and employer contributions for the next 12 months is 17.5% (2010 17.5%).

MITIE SECURITY (LONDON) LIMITED

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Year ended 31 March 2011

18. RELATED PARTY TRANSACTIONS

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
MITIE DOCUMENT SOLUTIONS	Purchase of goods and services	1	1		
MITIE PROPERTY INVESTMENTS	Purchase of goods and services	1	21		
MITIE CLEANING AND ENVIRONMENTAL	Purchase of goods and services	63	125	2	9
MITIE BUSINESS SERVICES	Purchase of goods and services	88	177	1	12
MITIE SECURITY SYSTEMS	Purchase of goods and services	50	94		
MITIE WASTE AND ENVIRONMENTAL	Purchase of goods and services	7	8		
MITIE CATERING	Purchase of goods and services	-	2		
MITIE ENGINEERING MAINTENANCE	Purchase of goods and services	-	141		2
MITIE PEST CONTROL	Purchase of goods and services	-	1		
MITIE CLIENT SERVICES	Purchase of goods and services	499	492		51
MITIE LANDSCAPE	Purchase of goods and services	-	1		
MITIE MANAGED SERVICES (SOUTHERN)	Purchase of goods and services	1	-		
MITIE AVIATION	Purchase of goods and services	2	-		
MITIE FACILITY SERVICES	Purchase of goods and services	2	1		
MITIE TECHNICAL FACILITIES MANAGEMENT	Purchase of goods and services	90	-	7	
MITIE PEST CONTROL	Sale of services	12		4	
MITIE TECHNICAL FACILITIES MANAGEMENT	Sale of services	4,521	3,594	1,235	965
MITIE FACILITY SERVICES	Sale of services	2,308	1,359	1,256	394
MITIE PHI	Sale of services		4		
MITIE CLIENT SERVICES	Sale of services	118		29	
MITIE MANAGED SERVICES	Sale of services	443	1,980	123	209
MITIE BUSINESS SERVICES	Sale of services	595		53	101
MITIE INTERIORS	Sale of services	38	31		
MITIE CATERING	Sale of services	4	15		
MITIE MANAGED SERVICES (SOUTHERN)	Sale of services	152	201		29
MITIE CLEANING SUPPORT	Sale of services	1,251	1,133	312	258

MITIE SECURITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

MITIE Secunty (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