

Company Registration Number 2049476

MITIE ENGINEERING SERVICES LIMITED

Report and Financial Statements

31 March 2008

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MITIE ENGINEERING SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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MITIE ENGINEERING SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P K Burnett
C S Acheson
G Allen
S C Baxter
D Freeman
K A McEntaggart
R McGregor-Smith
C P Pugh
M A Tivey
D J Underwood
D R Mackey
S G Newman
A T White

SECRETARY

MITIE Company Secretarial Services Limited

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

HSBC Bank plc
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Deloitte & Touche LLP
Bristol

MITIE ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and financial statements for the financial year ended 31 March 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). The financial statements are required by law to 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, 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 proper accounting records, which 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 1985. 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 administrative services to other group undertakings. 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.

MITIE Engineering Services Limited manages the activities of those businesses that form the Engineering Services Division of MITIE Group PLC. Its turnover reflects the recharge of costs associated with providing these services each year.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has, in net assets terms, fallen relative to the prior 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 LIMITED

DIRECTORS' REPORT (continued)

DIVIDENDS

The directors do not recommend a dividend for the year ended 31 March 2008 (2007 nil)

PRINCIPAL RISKS AND UNCERTAINTIES

As this company is purely a management company, it does not, in itself face normal commercial risks. Its role is to provide commercial, financial, IT and health and safety support to those companies within its Division in return for those businesses contributing towards its operating costs.

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. Management reviews these terms and the relationships with suppliers 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 with the supplier's standard terms. As at 31 March 2008, trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 30 days (2007 38 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 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.

MITIE ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors during the year and subsequently were as follows

C S Acheson	
G Allen	
S C Baxter	
P K Burnett	(appointed 7 January 2008)
D Freeman	
K A McEntaggart	
R McGregor-Smith	
D R Mackey	(appointed 7 January 2008)
S G Newman	(appointed 7 January 2008)
C P Pugh	
M A Tivey	
D J Underwood	
A T White	(appointed 7 January 2008)

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 s234ZA of the Companies Act 1985

Pursuant to Section 386 Companies Act 1985, an elective resolution was passed on 14 March 2005 dispensing with the requirement to appoint auditors annually Therefore Deloitte & Touche LLP are deemed to continue as auditors

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



S C Baxter
Director

17 July 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE ENGINEERING SERVICES LIMITED

We have audited the financial statements of MITIE Engineering Services Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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 Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

17 July 2008

MITIE ENGINEERING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2008

	Note	Continuing operations	
		2008	2007
		£	£
TURNOVER	1	6,896,586	5,597,757
Cost of sales		(7,961,084)	(6,031,894)
GROSS LOSS		(1,064,498)	(434,137)
Other operating income		234,718	-
OPERATING LOSS	2	(829,780)	(434,137)
Interest received and similar income	3	36,068	8,331
Interest paid and similar charges	3	(2,499)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(796,211)	(425,806)
Tax credit on loss on ordinary activities	4	381,413	120,160
LOSS FOR THE FINANCIAL YEAR	10	(414,798)	(305,646)

There are no recognised gains and losses for the current financial year 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.

MITIE ENGINEERING SERVICES LIMITED

BALANCE SHEET At 31 March 2008

	Notes	2008		2007	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		878,256		631,288
CURRENT ASSETS					
Debtors	6	1,711,554		2,198,350	
Cash at bank and in hand		1,959,934		-	
		<u>3,671,488</u>		<u>2,198,350</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	<u>(4,417,247)</u>		<u>(2,649,758)</u>	
NET CURRENT LIABILITIES			<u>(745,759)</u>		<u>(451,408)</u>
NET ASSETS			<u>132,497</u>		<u>179,880</u>
CAPITAL AND RESERVES					
Called up share capital	8		277,722		277,722
Capital contribution reserve	9		400,043		32,628
Profit and loss account	10		<u>(545,268)</u>		<u>(130,470)</u>
SHAREHOLDERS' FUNDS	11		<u>132,497</u>		<u>179,880</u>

These financial statements were approved by the Board of Directors on 17 July 2008

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 March 2008**

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.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of administrative services supplied 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:

Office equipment	3 to 10 years
Motor vehicles	4 years

Leasing commitments

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

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

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

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 LOSS

	2008 £	2007 £
Operating loss is stated after charging/(crediting)		
Depreciation on owned assets	174,643	129,589
Operating lease rentals - land and buildings	350,597	161,032
Auditors' remuneration charge - audit services	1,060	710
Profit on disposal of tangible fixed assets	(3,035)	(12,923)

Fees payable to Deloitte & Touche LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

3. INTEREST

	2008 £	2007 £
Interest received and similar income		
Bank interest	36,068	8,331
Interest paid and similar charges		
Other interest	(2,499)	-

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

4. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
(a) Analysis of credit in year		
United Kingdom corporation tax at 30% (2007 30%)	(284,838)	(135,918)
Adjustment in respect of prior years	5,606	(1,101)
Total current tax (note 4(b))	(279,232)	(137,019)
Deferred taxation		
Timing differences - origination and reversal	(103,137)	15,240
Adjustment in respect of prior years	(6,688)	1,619
Increase in tax rate	7,644	-
Tax credit on loss on ordinary activities	(381,413)	(120,160)

(b) Factors affecting tax charge in year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2007 30%) The differences are as follows

	£	£
Loss on ordinary activities before tax	(796,211)	(425,806)
	£	£
Tax at 30% thereon	(238,863)	(127,742)
Expenses not deductible for tax purposes	25,865	7,064
Differences between capital allowances and depreciation	(12,361)	(18,453)
Relief in respect of employee share options	(174,977)	-
Other timing differences	115,498	3,213
Prior period adjustments	5,606	(1,101)
Current tax credit for the year (note 4(a))	(279,232)	(137,019)

(c) Factors affecting future tax charges

The reduction in the corporation tax rate to 28% is not anticipated to materially affect the future tax charge

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

5. TANGIBLE FIXED ASSETS

	Short leasehold £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2007	228,971	549,615	191,119	969,705
Additions	250,084	159,294	22,757	432,135
Disposals	-	-	(30,018)	(30,018)
Transfers in	-	951	-	951
At 31 March 2008	479,055	709,860	183,858	1,372,773
Depreciation				
At 1 April 2007	7,560	267,773	63,084	338,417
Charge for the year	29,718	100,822	44,103	174,643
Disposals	-	-	(18,754)	(18,754)
Transfers in	-	211	-	211
At 31 March 2008	37,278	368,806	88,433	494,517
Net book value				
At 31 March 2008	441,777	341,054	95,425	878,256
At 31 March 2007	221,411	281,842	128,035	631,288

Capital commitments

At 31 March 2008 the directors had authorised capital expenditure of nil (2007 nil)

6. DEBTORS

	2008 £	2007 £
Amounts owed by group undertakings	843,402	1,964,826
Other debtors	485,235	54,276
Corporation tax recoverable	275,906	174,418
Deferred tax asset	107,011	4,830
	<u>1,711,554</u>	<u>2,198,350</u>

A net deferred tax asset of £107,011 has been recognised at 31 March 2008 (2007 £4,830). This asset related to negative accelerated capital allowances, unutilised trading losses and other timing differences. The amount credited to the profit and loss account in the year was £102,181 (2007 £16,859 debit).

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2008	2007
	£	£
Bank overdraft	-	925,958
Trade creditors	1,170,396	897,506
Amounts owed to group undertakings	98,856	305,399
Other taxes and social security costs	2,462,047	30,583
Other creditors	58,949	90,156
Accruals and deferred income	626,999	400,156
	<u>4,417,247</u>	<u>2,649,758</u>
8. CALLED UP SHARE CAPITAL	2008	2007
	£	£
Authorised		
500,000 £1 Ordinary shares	<u>500,000</u>	<u>500,000</u>
	£	£
Allotted, called up and fully paid		
277,722 £1 Ordinary shares	<u>277,722</u>	<u>277,722</u>
9. CAPITAL CONTRIBUTION RESERVE	£	
At 1 April 2007	32,628	
Increase for the financial year	<u>367,415</u>	
At 31 March 2008	<u>400,043</u>	
10. PROFIT AND LOSS ACCOUNT	£	
At 1 April 2007	(130,470)	
Loss for the financial year	<u>(414,798)</u>	
At 31 March 2008	<u>(545,268)</u>	

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2008	2007
	£	£
Loss for the financial year	(414,798)	(305,646)
Capital contribution reserve	367,415	12,057
Net reduction to shareholders' funds	(47,383)	(293,589)
Opening shareholders' funds	179,880	473,469
Closing shareholders' funds	132,497	179,880
12. FINANCIAL COMMITMENTS	2008	2007
Operating leases - land and buildings	£	£
Expiry date		
- within one year	-	-
- over five years	342,000	342,000
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 2008, the overall commitment was £50 million (2007 £20 million)		
13. DIRECTORS	2008	2007
	£	£
The emoluments of directors of the company were		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	1,375,577	1,168,314
Fees and emoluments disclosed above (excluding pension contributions) include amounts paid to	£	£
The highest paid director	316,880	356,925
	No.	No.
The number of directors who were members of		
- a defined benefit pension scheme	8	6
- a defined contribution pension scheme	1	1

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

13. DIRECTORS (continued)	2008 £	2007 £
Contributions paid to defined contribution pension scheme	<u>7,866</u>	<u>7,866</u>

The accrued pension benefit of the highest paid director disclosed is £11,144 (2007 £22,920)

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. It is not practicable to allocate their remuneration between their services as directors of MITIE Engineering Services Limited and their services as directors of other group companies.

One other director exercised options in the shares of the ultimate holding company, MITIE Group PLC, during the period (2007 one director)

14. EMPLOYEES

Number of employees

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

	2008 No.	2007 No.
Administration and management	<u>43</u>	<u>32</u>
Employment costs	£	£
Wages and salaries	3,023,763	2,172,876
Social security costs	366,385	262,752
Pension costs	152,505	118,759
Share-based payments (see note 15)	367,415	12,057
	<u>3,938,481</u>	<u>2,566,444</u>

In addition to those employees included in the table above, during the year, the company employed a further 733 employees (2007 nil) whose wages and salaries costs were recharged to the individual company they worked for. All disclosures relating to the costs of employment together with the number of employees are disclosed in the individual company accounts to which they relate.

Total employment costs recharged to other group companies for these individuals were £20,227,241 (2007 nil)

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

15. SHARE-BASED PAYMENTS

The company participates in the following MITIE Group PLC share option schemes

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 exercised 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.

The MITIE Group PLC 2001 Executive share option scheme

The Executive share option scheme is open to all employees. The exercise price is equal to the market value of the shares on 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 26 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. The vesting period is five years. If the options remain unexercised after a period of five years and nine months from the date of grant, the options expire. Options may be forfeited if the employee leaves the Group.

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

15 SHARE-BASED PAYMENTS (continued)

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

	2008		2007	
	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 period ⁽¹⁾	115,860	138	159,745	126
Granted during the period	699,395	213	29,748	176
Forfeited during the period	(99,629)	171	(9,345)	139
Transferred from/(to) Group subsidiaries during the period	2,150,973	140	(6,192)	117
Exercised during the period	(463,792)	112	(58,096)	126
Outstanding at end of the period	2,402,807	165	115,860	138
Exercisable at end of the period	337,982	134	35,400	118

⁽¹⁾ Included within this balance are 146,882 (2007 29,823) options 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. Their exercise prices range from 57p to 174p (2007 57p to 174p).

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

	2008 £	2007 £
2001 Executive share options	121,643	8,948
2001 Saving related share options	220,440	3,109
Long Term Investment Plan (LTIP)	25,332	-
	367,415	12,057

The weighted average share price at the date of exercise for share options exercised during the period was 262p (2007 215p)

The options outstanding at 31 March 2008 had a weighted average exercise price of 165p (2007 138p) and a weighted average remaining contractual life of 4.97 years (2007 5.02 years)

In the year ended 31 March 2008, options were granted in July and August 2007 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 £367,706.

MITIE ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

15. SHARE-BASED PAYMENTS (continued)

In the year ended 31 March 2007, options were granted on 22 June 2006 and 24 July 2006 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 £11,379.

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

	2008	2007
Share price (p)	133 to 230	130 to 193
Exercise price (p)	120 to 254	120 to 191
Expected volatility (%)	27 to 30	28 to 30
Expected life (years)	4 to 5	4 to 6
Risk-free rate (%)	4.17 to 5.25	4.17 to 5.12
Expected dividends (%)	1.42 to 2.29	1.43 to 2.29

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.

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 34 to the Report and Accounts of the group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension surplus of £9.9 million (2007: £0.5 million).

Contributions to the scheme for the period are shown in note 14 and the agreed contribution rate for the next 12 months is 10% (2007: 10%) and 7.5% (2007: 7.5%) for the group and employees respectively.

17. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of MITIE Group PLC, MITIE Engineering Services Limited, has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

18. 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.