

Company Registration Number 02935593

MITIE PROPERTY SERVICES (UK) LIMITED

Report and Financial Statements

Year ended 31 March 2013

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MITIE PROPERTY SERVICES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2013

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MITIE PROPERTY SERVICES (UK) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

CM Boath
A M Dawson
A J Morton
J Ridley
W Robson
P Griffin
R McGregor-Smith
SC Baxter

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

AUDITOR

Deloitte LLP
London

MITIE PROPERTY SERVICES (UK) LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable United Kingdom Accounting Standards have been followed, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company provides comprehensive property maintenance and refurbishment, painting and decorating and new house fit-out services to the commercial, industrial and public sectors throughout the United Kingdom. On the 31st March 2013 the trade and assets of EPS Group Limited were transferred into MITIE Property Services (UK) Limited at net book value.

Turnover increased by £21.3m (9%) compared to the previous year and gross profit remained at 17% as per the prior year. The increase in turnover was due to additional contract wins within the social housing sector within the year. The balance sheet of the financial statements shows that the company's financial position at the year end, in net asset terms, increased compared to 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.

DIVIDENDS

Total dividends of £3,143,000 (2012: £6,665,000) were declared as follows:

Ordinary A Shares: £0.87 per share (2012: £1.85)

Ordinary B Shares: £0.87 per share (2012: £1.85)

PRINCIPAL RISKS AND UNCERTAINTIES

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

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT

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

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

GOING CONCERN

The company was profitable in the year. The directors have considered the forecast and budgeted profit and associated cash flows for the foreseeable future, being the period not less than 12 months from the date of signing these financial statements. 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 2013, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 70 days (2012: 74 days).

ENVIRONMENT

MITIE Group PLC and its subsidiaries endeavour to identify, monitor and manage the impact of their activities on the environment and are fully committed to environmental accountability and protection. The company operates in accordance with Group policies, which are described in the Group's annual report which does not form part of this report.

EMPLOYEES

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

DIRECTORS

The directors who served throughout the year, except where noted, were as follows:

C Boath

A M Dawson

A J Morton

J Ridley

W Robson

P Griffin

R McGregor-Smith (Appointed 03 July 2012)

S Baxter (Appointed 03 July 2012)

DIRECTORS' REPORT (continued)

AUDITOR

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

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

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

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



W Robson
Director

27 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE PROPERTY SERVICES (UK) LIMITED

We have audited the financial statements of MITIE Property Services (UK) Limited for the year ended 31 March 2013 which comprise Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the 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.



Judith Tacon (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 June 2013

MITIE PROPERTY SERVICES (UK) LIMITED
PROFIT AND LOSS ACCOUNT
Year ended 31 March 2013

	Note	2013 £'000	2012 £'000
TURNOVER	1	248,874	227,622
Cost of sales		(205,620)	(189,329)
GROSS PROFIT		<u>43,254</u>	<u>38,293</u>
Administration expense		(35,717)	(30,704)
OPERATING PROFIT	2	<u>7,537</u>	<u>7,589</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>7,537</u>	<u>7,589</u>
Interest receivable and similar income	3	628	271
Interest payable and similar charges	3	(226)	(60)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>7,939</u>	<u>7,800</u>
Tax charge on profit on ordinary activities	5	(1,903)	(1,685)
PROFIT FOR THE FINANCIAL YEAR	12	<u><u>6,036</u></u>	<u><u>6,115</u></u>

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

The notes on pages 11 to 22 form an integral part of these financial statements

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 PROPERTY SERVICES (UK) LIMITED
BALANCE SHEET
As at 31 March 2013

		2013		2012	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Goodwill	6		6,167		6,496
Tangible assets	7		<u>278</u>		<u>334</u>
			6,445		6,830
CURRENT ASSETS					
Stocks	8	425		88	
Debtors					
- due within one year	9	85,973		70,738	
Cash at bank and in hand	15	<u>31,721</u>		<u>22,637</u>	
		118,119		93,463	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(102,661)</u>		<u>(81,391)</u>	
NET CURRENT ASSETS			<u>15,458</u>		<u>12,072</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			21,903		18,902
NET ASSETS			<u>21,903</u>		<u>18,902</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	11		3,600		3,600
Profit and loss account	12		18,303		15,302
SHAREHOLDERS' FUNDS	13		<u>21,903</u>		<u>18,902</u>

The financial statements of MITIE Property Services (UK) Limited, company registered number 02935593, were approved by the board and authorised for issue on 27 June 2013

The notes on pages 11 to 22 form an integral part of these financial statements



W Robson
Director

MITIE PROPERTY SERVICES (UK) LIMITED
CASH FLOW STATEMENT
Year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	14	10,878	6,520
Returns on investments and servicing of finance			
Interest received		576	255
Interest paid		<u>(223)</u>	<u>(54)</u>
Net cash inflow from returns on investments and servicing of finance		353	201
Taxation			
UK corporation tax paid		(1,256)	(3,530)
Capital expenditure			
Payments to acquire tangible fixed assets		(49)	(64)
Receipts from disposal of tangible fixed assets		<u>19</u>	<u>50</u>
Net cash outflow from capital expenditure		(30)	(14)
Net cash acquired with subsidiary undertaking		2,282	
Equity dividend paid		<u>(3,143)</u>	<u>(6,665)</u>
Increase/(Decrease) in cash before financing		9,084	(3,488)
Net cash inflow from financing		-	-
Increase/(Decrease) in cash in the year		<u>9,084</u>	<u>(3,488)</u>

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

1 ACCOUNTING POLICIES

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

Accounting convention

The accounts are prepared under the historical cost convention.

Going concern

Details regarding the directors' consideration of going concern are given in the going concern section of the directors' report.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom, from the company's principal activity. Revenue is recognised as services are delivered.

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.

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 machinery 3 to 10 years

Motor vehicles 4 years

Office Equipment 3 to 5 years

Operating leases

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

Stock

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

Long-term contracts

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

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

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

ACCOUNTING POLICY DISCLOSURE (continued)

Taxation

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

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

Pension costs

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

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

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 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.

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

2 OPERATING PROFIT

	2013 £'000	2012 £'000
Operating Profit is stated after charging/(crediting)		
Loss on disposal of fixed assets	7	20
Depreciation of owned tangible fixed assets	155	204
Amortisation of goodwill	329	82
Redundancy costs	797	-
Operating lease rentals		
Land and Buildings	538	633
Fees payable to the company's auditor for the audit of the company's annual accounts	102	95

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

	2013 £'000	2012 £'000
Interest receivable and similar income		
Bank interest	628	271
	<u>628</u>	<u>271</u>
Interest payable and similar charges		
Bank interest	226	60
	<u>226</u>	<u>60</u>

4 DIVIDENDS

The dividends approved and paid in the year are as follows

	2013 £'000	2012 £'000
Ordinary A Shares	524	1,111
Ordinary B Shares	2,619	5,554
	<u>3,143</u>	<u>6,665</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 24% (2012 26%)	1,896	1,995
Adjustment in respect of prior years	(60)	(326)
Total current tax (Note 5(b))	<u>1,836</u>	<u>1,669</u>
Deferred taxation		
Timing differences - origination and reversal	116	(86)
Adjustment in respect of prior years	(49)	102
Tax on profit on ordinary activities	<u>1,903</u>	<u>1,685</u>

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(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 24% (2012 26%) The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	7,939	7,800
	£'000	£'000
Tax at 24% (2012 26%) thereon	1,905	2,028
Expenses not deductible for tax purposes	92	51
Differences between capital allowances and depreciation	(7)	(15)
Relief in respect of employee share options	(120)	(113)
Other timing differences	26	44
Adjustments to tax charge in respect of prior periods	(60)	(326)
Current tax charge for the year (Note 5(a))	1,836	1,669

The UK Government announced a reduction in the UK corporation tax rate from 24% to 23% from 1 April 2013, which was substantively enacted on 3 July 2012 The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those assets are expected to reverse has not had a material impact on the current year tax charge The UK Government has indicated that it intends to enact further reductions in the main tax rate of 3% down to 20% by 1 April 2015 Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time

The deferred tax balance comprises the following	£'000	£'000
Depreciation in excess of capital allowances	371	124
Share-based payment timing difference	66	32
Other timing differences	53	154
	490	310
	£'000	£'000
Amount charged to the profit and loss account in the year in relation to deferred tax	67	16

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

6 GOODWILL

	£'000
Cost	
At 1 April 2012	6,578
At 31 March 2013	<u>6,578</u>
Amortisation	
At 1 April 2012	82
Charge for the year	329
At 31 March 2013	<u>411</u>
Net book value	
At 31 March 2013	<u>6,167</u>
At 31 March 2012	<u>6,496</u>

On the 1st April 2011 the trade and assets of MITIE Engineering Projects Limited were transferred into MITIE Property Services (UK) Limited at an Open Market Value of £9,820k and on which goodwill of £6,578k was recognised

7 TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Motor vehicles £'000	Office Equipment £'000	Total £'000
Cost or valuation				
At 1 April 2012	1,887	191	647	2,725
Additions	19	11	19	49
Disposals	(179)	(106)	(130)	(415)
Transfers in from group companies	-	23	120	143
At 31 March 2013	<u>1,727</u>	<u>119</u>	<u>656</u>	<u>2,502</u>
Depreciation				
At 1 April 2012	1,658	132	601	2,391
Charge for the year	108	21	26	155
Disposals	(169)	(96)	(124)	(389)
Transfers in from group companies	-	5	62	67
At 31 March 2013	<u>1,597</u>	<u>62</u>	<u>565</u>	<u>2,224</u>
Net book value				
At 31 March 2013	<u>130</u>	<u>57</u>	<u>91</u>	<u>278</u>
At 31 March 2012	<u>229</u>	<u>59</u>	<u>46</u>	<u>334</u>

8 STOCKS

	2013 £'000	2012 £'000
Raw materials	425	88
	<u>425</u>	<u>88</u>

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

9 DEBTORS

	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade debtors	45,460	38,383
Amounts recoverable on contracts	29,437	23,128
Amounts owed by Group undertakings	10,184	7,899
Other debtors	146	560
Prepayments and accrued income	256	290
Corporation tax	-	168
Deferred tax asset	490	310
	<u>85,973</u>	<u>70,738</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Payments received on account	2,525	1,013
Trade creditors	52,490	42,211
Amounts owed to Group undertakings	36,064	30,598
Corporation tax	676	-
Other taxation and social security	8,767	5,925
Other creditors	636	469
Accruals and deferred income	1,503	1,175
	<u>102,661</u>	<u>81,391</u>

11 CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Allotted, called up and fully paid share capital		
600,000 £1 Ordinary A Shares	600	600
3,000,000 £1 Ordinary B Shares	3,000	3,000
	<u>3,600</u>	<u>3,600</u>

12 RESERVES

	Profit and loss account £'000
At 1 April 2012	15,302
Profit for the financial year	6,036
Dividends	(3,143)
Capital contribution relating to share-based payments	108
At 31 March 2013	<u>18,303</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
Profit for the financial year	6,036	6,115
Dividends paid on equity shares	(3,143)	(6,665)
Capital contribution relating to share-based payments	108	171
Net addition to/(reduction in) shareholders' funds	<u>3,001</u>	<u>(379)</u>
Opening shareholders' funds	18,902	19,281
Closing shareholders' funds	<u>21,903</u>	<u>18,902</u>

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

14 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £'000	2012 £'000
Operating profit	7,537	7,589
Depreciation and amortisation	484	286
Loss/(profit) on sale of tangible fixed assets	7	(20)
Increase in stocks	(88)	(60)
Increase in debtors	(1,277)	(26,553)
Increase in creditors	4,107	25,107
Share-based payment expense	108	171
Net cash inflow from operating activities	10,878	6,520

15 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2012 £'000	Cash flow £'000	At 31 March 2013 £'000
Cash at bank and in hand	22,637	9,084	31,721
Net cash	22,637	9,084	31,721
 Net funds	 22,637	 9,084	 31,721

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2013 £'000	2012 £'000
Increase/(decrease) in cash in the year	9,084	(3,488)
Change in net debt resulting from cashflows	9,084	(3,488)
 Net funds at beginning of the year	 22,637	 26,125
Net funds at end of the year	31,721	22,637

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

17 FINANCIAL COMMITMENTS

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

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- in less than one year	82	-	43	-
- between two and five years	374	-	297	-
- after five years	139	-	232	-
	<u>595</u>	<u>-</u>	<u>572</u>	<u>-</u>

Capital commitments

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

	2013 £'000	2012 £'000
- capital expenditure	-	-
- other	199	-
	<u>199</u>	<u>-</u>

Performance bonds

The company has outstanding performance bonds as follows

	2013 £'000	2012 £'000
Performance bonds	<u>3,616</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

	2013 £'000	2012 £'000
Overall commitment	<u>290,200</u>	<u>157,300</u>

18 DIRECTORS

	2013 £'000	2012 £'000
The emoluments of the directors of the company were		
- Aggregate emoluments	364	323
- Aggregate value of contributions paid to a money purchase pension scheme	44	13
	<u>408</u>	<u>336</u>

	2013 No	2012 No
The number of directors who		
were members of a defined benefit pension scheme	1	2
were members of a defined contribution pension scheme	1	1
exercised share options in the year	<u>-</u>	<u>-</u>

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

18. DIRECTORS (continued)

	2013 £'000	2012 £'000
Highest paid director		
- Aggregate emoluments	150	122
- Aggregate value of contributions paid to a money purchase scheme	14	13
	<u>164</u>	<u>135</u>

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

The following directors are also directors or employees of another group company. They are remunerated by the company shown. It is not practicable to allocate their remuneration between their services as directors of this company and as directors or employees of other group companies.

Director	Remunerated by
R McGregor-Smith	MITIE Group PLC
S Baxter	MITIE Group PLC
W Robson	MITIE Group PLC
J Ridley	MITIE Property Management Limited
A Dawson	MITIE Property Management Limited

19 EMPLOYEES

Average employee numbers

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

	2013 No	2012 No
Operations	1,908	1,762
Administration	546	398
	<u>2,454</u>	<u>2,160</u>

	£'000	£'000
Employment cost		
Wages and salaries	59,158	54,801
Social security costs	5,107	4,768
Other pension costs	1,364	1,288
Share-based payments	108	171
	<u>65,737</u>	<u>61,028</u>

20 SHARE-BASED PAYMENTS

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

The MITIE Group PLC 2001 Executive share option scheme

The Executive share option scheme exercise price is equal to the average market value of the shares over the five day period immediately preceding the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the group. Before options can be exercised, a performance condition must be satisfied, the performance condition is linked to the percentage growth in earnings per share over a three-year period.

The MITIE Group PLC 2001 Savings Related share option scheme

The SAYE scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the scheme are issued. For options granted prior to September 2008, the vesting period is five years. For options granted in September 2008 and thereafter, the vesting period is three years. If the options remain unexercised after a period of six months from the date of vesting, the options expire. Options may be forfeited if the employee leaves the group.

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

20. SHARE BASED PAYMENTS (continued)

The MITIE Group PLC Long Term Incentive Plan (LTIP)

The LTIP was introduced in 2007. The awards of shares or rights to acquire shares (the awards) are offered to a small number of key senior management. Where offered as options the exercise price is nil. The vesting period is three years. If the awards remain unexercised after a period of four years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the group. Before the awards can be exercised, a performance condition must be satisfied, the number of awards that vest is determined by a sliding scale based on growth in earnings per share over a three-year period.

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

	2013		2012	
	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	1,859,797	185	2,053,011	188
Granted during the year	644,217	177	475,448	161
Forfeited during the year	(210,994)	184	(90,937)	178
Transferred (to)/from Group subsidiaries during the year	3,379	2,891	72,371	201
Exercised during the year	(590,670)	199	(650,096)	180
Outstanding at end of the year	1,705,729	183	1,859,797	185
Exercisable at end of year	224,874	171	351,302	202

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

	2013 £'000	2012 £'000
2001 Executive share options	(19)	98
2001 Savings Related share options	79	78
Long-term incentive plan scheme (LTIP)	48	(5)
	<u>108</u>	<u>171</u>

	2013	2012
The weighted average share price at the date of exercise for share options exercised during the year was (p)	282	247
The options outstanding at the year-end had a weighted average price of (p)	183	185
The options outstanding at the year-end had a weighted average remaining contractual life of (years)	<u>5</u>	<u>5</u>

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

20. SHARE BASED PAYMENTS (continued)

The company granted options in the period as detailed below

Share scheme	Fair value £'000
Executive Share Option Scheme	91
Long-term Incentive Plan Scheme	313
Savings Related Share Options	114

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

	2013	2012
Share price (p)	198-274	191-243
Exercise price (p)	0-254	0-54
Expected volatility (%)	32-35	28-36
Expected life (years)	3-5	3-6
Risk-free rate (%)	0.55-2.42	1.48-5.25
Expected dividends (%)	3.30-4.10	2.22-4.1

21 PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 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 £29.7 million (2012 deficit of £17.2 million).

Employer contributions to the scheme for the period are shown in note 19. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2012 18.5%).

MITIE PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

22 RELATED PARTY TRANSACTIONS

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

KEY

TRS = Trading related sales

TRP = Trade related

purchases

ICB = Inter-company balance

DICB = Dormant inter-company balance

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
MITIE Pest Control	TRS	7	-	-	-
MITIE Landscapes Limited	TRS	3	9	-	-
MITIE Technical Facilities Management Limited	TRS	7,406	7,147	424	1,814
MITIE Security Limited	TRS	32	21	-	-
MITIE Landscapes Limited	TRP	12	-	-	-

23. ACQUISITIONS

On 31st March 2013 the company acquired trade and assets from Environmental Property Services Limited for a consideration of £6,756k. The assets were acquired at book value.

	Book Value £'000
Fixed assets	
Tangible fixed assets	59
Current assets	
Stocks	249
Debtors	13,894
Cash	2,282
Total assets	<u>16,484</u>
Creditors	
Trade creditors	(8,433)
Accruals	(1,295)
Total liabilities	<u>(9,728)</u>
Net assets	<u>6,756</u>

24. ULTIMATE PARENT TAKING AND CONTROLLING PARTY

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's immediate and ultimate parent undertaking 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.