

Company Registration Number 02938041

MITIE FACILITIES SERVICES LIMITED

Report and Financial Statements

Year ended 31 March 2012



MITIE FACILITIES SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2012

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MITIE FACILITIES SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M A Freeman
P W Stirling
R Couzens

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 FACILITIES SERVICES LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company is a wholly owned subsidiary of MITIE Group PLC (the "Group"). The principal activity of the company continues to be the management and provision of business support services. 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.

As shown in the company's profit and loss account on page 8, the company's sales have increased by 24% over the prior year to £52.6m and the profit after tax has increased by 37% to £25.9m. The company has been awarded new contracts during the year and service scopes have also changed on existing contract bases which has driven the increase in sales.

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

DIVIDENDS

Dividends for each share class were declared as follows:

Ordinary shares: £0.73 per share (2011: £0.59)

PRINCIPAL RISKS AND UNCERTAINTIES

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

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT

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

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

GOING CONCERN

The company has net current liabilities. The company is therefore reliant on the support of MITIE Group PLC to meet its liabilities as they fall due. The directors have considered the forecast and budgeted profit and associated cash flows for the foreseeable future being at least twelve months from the date of the financial statements. The directors have considered the facilities available to the entity, along with the support afforded to it by MITIE Group PLC, 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 2012, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 61 days (2011: 56 days).

ENVIRONMENT

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

EMPLOYEES

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

DIRECTORS

The directors during the year and subsequently were as follows:

M A Freeman

P W Stirland

R Couzens (Appointed 30 March 2012)

R McGregor-Smith (Resigned 01 February 2012)

S C Baxter (Resigned 01 February 2012)

DIRECTORS' REPORT (continued)

N R Goodman (Resigned 30 March 2012)

J P Flanagan (Resigned 30 March 2012)

P F Mosley (Resigned 30 March 2012)

MITIE Administration 1 Limited (Resigned 30 March 2012)

MITIE Administration 2 Limited (Resigned 30 March 2012)

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

M A Freeman

Director



28 June 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE FACILITIES SERVICES LIMITED

We have audited the financial statements of MITIE Facilities Services Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Colin Hudson FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

29 June 2012

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2012

	Note	2012 £'000	2011 £'000
TURNOVER	1	52,600	42,227
Cost of sales	-	<u>(46,501)</u>	<u>-(40,249)</u>
GROSS PROFIT		6,099	1,978
Administration expense		<u>(8,582)</u>	<u>(6,538)</u>
OPERATING LOSS	2	(2,483)	(4,560)
Income from shares in group undertakings		<u>28,425</u>	<u>22,842</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		25,942	18,282
Interest receivable and similar income	3	4,224	4,212
Interest payable and similar charges	3	<u>(3,927)</u>	<u>(3,893)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		26,239	18,601
Tax (charge)/credit on profit on ordinary activities	5	(353)	338
PROFIT FOR THE FINANCIAL YEAR	13	<u>25,886</u>	<u>18,939</u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March 2012


	Note	2012 £'000	2011 £'000
Profit for the financial year		25,886	18,939
Actuarial gains on defined benefit pension schemes	20	12	23
Deferred tax attributable to actuarial gain		<u>(3)</u>	<u>(6)</u>
Total recognised gains relating to the period		<u>25,895</u>	<u>18,956</u>

BALANCE SHEET
As at 31 March 2012

		2012		2011	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	6		369,861		369,573
Intangible assets	7		1,558		-
Tangible assets	8		709		555
			<u>372,128</u>		<u>370,128</u>
CURRENT ASSETS					
Stocks	9	28		41	
Debtors					
- due within one year	10	28,877		27,951	
- due after one year	10	4,000		3,296	
Cash at bank and in hand		<u>2,778</u>		<u>3,772</u>	
		35,683		35,060	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(46,937)</u>		<u>(41,848)</u>	
NET CURRENT LIABILITIES			<u>(11,254)</u>		<u>(6,788)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			360,874		363,340
Pension asset			247		217
NET ASSETS			<u>361,121</u>		<u>363,557</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	12		38,750		38,750
Share premium account	13		286,513		286,513
Profit and loss account	13		35,858		38,294
SHAREHOLDERS' FUNDS	14		<u>361,121</u>		<u>363,557</u>

The financial statements of MITIE Facilities Services Limited, company registered number 02938041, were approved by the board and authorised for issue. They were signed on behalf of the board by

M A Freeman
Director



28 June 2012

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

1 ACCOUNTING POLICIES

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

Accounting convention

The accounts are prepared under the historical cost convention

Going concern

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

Turnover

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

Intangible assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is between 3 and 5 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:

Plant and office equipment 3 to 8 years

Motor vehicles 3 to 4 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.

Stocks

Stocks are valued at the lower of cost or net realisable value.

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

ACCOUNTING POLICIES (continued)

Taxation

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

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

Pension costs

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

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

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.

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.

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

2 OPERATING LOSS

	2012 £'000	2011 £'000
Operating Loss is stated after charging		
Loss on disposal of fixed assets	32	2
Depreciation of tangible fixed assets owned	251	179
Amortisation of goodwill	-	45
Amortisation of development expenditure	177	-
Operating lease rentals other	278	-
Fees payable to the company's auditor for the audit of the company's annual accounts	48	29

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

	2012 £'000	2011 £'000
Interest receivable and similar income		
Net pension scheme interest income	17	3
Other interest on fixed rate bonds	4,207	4,209
	<u>4,224</u>	<u>4,212</u>
Interest payable and similar charges		
Bank interest	124	90
Other interest on fixed rate bonds	3,803	3,803
	<u>3,927</u>	<u>3,893</u>

4 DIVIDENDS

The dividends approved and paid in the year are as follows

	2012 £'000	2011 £'000
Ordinary shares	<u>28,425</u>	<u>22,842</u>
	<u>28,425</u>	<u>22,842</u>

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2012 £'000	2011 £'000
(a) Analysis of charge/(credit) in the year		
United Kingdom corporation tax at 26% (2011 28%)	496	(324)
Adjustment in respect of prior years	(126)	(47)
Total current tax (Note 5(b))	<u>370</u>	<u>(371)</u>
Deferred taxation		
Timing differences - origination and reversal	(63)	23
Adjustment in respect of prior years	46	10
Tax on profit on ordinary activities	<u>353</u>	<u>(338)</u>

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax charge/(credit) in the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	26,239	18,601
	£'000	£'000
Tax at 26% (2011 28%) thereon	6,822	5,208
Expenses not deductible for tax purposes	1,031	878
Differences between capital allowances and depreciation	29	11
Relief in respect of employee share options	(17)	(1)
Non-taxable income from shares in group undertakings	(7,389)	(6,396)
Other timing differences	20	(24)
Adjustments to tax charge in respect of prior periods	(126)	(47)
Current tax charge for the year (Note 5(a))	370	(371)

The UK Government announced a reduction in the UK corporation tax rate from 26% to 24% from 1 April 2012, which was substantively enacted on 26 March 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 1% each year down to 22% by 1 April 2014. 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	7	-
Share based payment timing difference	(44)	12
Other timing differences	54	(43)
	17	(31)
	£'000	£'000
Amount (credited)/charged to the profit and loss account in the year in relation to deferred tax	(17)	33

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

6 INVESTMENTS

	2012 £'000	2011 £'000
Investments at 1 April 2011	369,573	369,573
Additions	288	-
Investments at 31 March 2012	<u>369,861</u>	<u>369,573</u>

The investments balance at 31 March 2012 represented interests in the following companies

Name of subsidiary	Principal Activity	Class of shares held	Percentage of shares and voting rights held	Country of incorporation
Caterng Partnership Holdings	Provider of FM	£1 00 Ordinary	100 00 %	UK
Direct Enquines Holdings	Provider of FM	£1 00 Ordinary-A	17 00 %	UK
Direct Enquines Holdings	Provider of FM	£1 00 Ordinary	34 00 %	UK
Direct Enquines Holdings	Provider of FM	£0 01 Redeemable	0 00 %	UK
MITIE Business Services Limited	Provider of FM	£0 01 Ordinary A	51 00 %	UK
MITIE Business Services Limited	Provider of FM	£0 01 Ordinary B	49 00 %	UK
MITIE Business Services Limited	Provider of FM	£1 00 Deferred	0 00 %	UK
MITIE Care and Custody Limited	Provider of FM	£1 00 A Ordinary	0 90 %	UK
MITIE Caterng Services	Provider of FM	£1 00 A Ordinary	0 90 %	UK
MITIE Caterng Services	Provider of FM	£1 00 B Ordinary	6 10 %	UK
MITIE Caterng Services	Provider of FM	£1 00 A Ordinary	0 90 %	UK
MITIE Caterng Services	Provider of FM	£1 00 B Ordinary	11 50 %	UK
MITIE Caterng Services Limited	Provider of FM	£1 00 Ordinary A	0 90 %	UK
MITIE Caterng Services Limited	Provider of FM	£1 00 Ordinary B	0 11 %	UK
MITIE Cleaning Services Limited	Provider of FM	£1 00 A Ordinary	35 96 %	UK
MITIE Cleaning Services Limited	Provider of FM	£1 00 B Ordinary	9 86 %	UK
MITIE Client Services Limited	Provider of FM	£1 00 A Ordinary	6 10 %	UK
MITIE Document Solutions	Provider of FM	£1 00 A Ordinary	16 90 %	UK
MITIE Document Solutions	Provider of FM	£1 00 B Ordinary	3 25 %	UK
MITIE Industrial Cleaning (North)	Provider of FM	£1 00 A Ordinary	51 00 %	UK
MITIE Industrial Cleaning (North)	Provider of FM	£1 00 B Ordinary	49 00 %	UK
MITIE Landscape (Northern)	Provider of FM	£1 00 A Ordinary	51 21 %	UK
MITIE Landscape (Northern)	Provider of FM	£1 00 B Ordinary	48 79 %	UK
MITIE Landscape (Southern)	Provider of FM	£1 00 A Ordinary	51 00 %	UK
MITIE Landscape (Southern)	Provider of FM	£1 00 B Ordinary	49 00 %	UK
MITIE Landscapes Limited	Provider of FM	£1 00 A Ordinary	0 00 %	UK
MITIE Landscapes Limited	Provider of FM	£1 00 B Ordinary	50 00 %	UK
MITIE Managed Services (South)	Provider of FM	£1 00 A Ordinary	0 90 %	UK
MITIE Managed Services (South)	Provider of FM	£1 00 B Ordinary	17 93 %	UK
MITIE Managed Services	Provider of FM	£1 00 Ordinary	100 00 %	UK
MITIE Managed Services Limited	Provider of FM	£0 01 Ordinary	100 00 %	UK
MITIE Managed Services Limited	Provider of FM	£1 00 Deferred	0 00 %	UK
MITIE Payroll Services Limited	Provider of FM	£1 00 Ordinary	100 00 %	UK
MITIE Pest Control (London)	Provider of FM	£1 00 A Ordinary	0 90 %	UK
MITIE Pest Control Limited	Provider of FM	£1 00 Ordinary	100 00 %	UK

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

INVESTMENTS (continued)

MITIE PFI Limited	Provider of FM	£1 00 A Ordinary	60.63 %	UK
MITIE PFI Limited	Provider of FM	£1 00 B Ordinary	39.37 %	UK
MITIE Resources Limited	Provider of FM	£1 00 Ordinary	100.00 %	UK
MITIE Secury Holdings Limited	Provider of FM	£1 00 A Ordinary	42.49 %	UK
MITIE Services (Retail) Limited	Provider of FM	£1 00 A Ordinary	0.90 %	UK
MITIE Services (Retail) Limited	Provider of FM	£1 00 B Ordinary	6.60 %	UK
MITIE T S 2 Limited	Provider of FM	£0 001 B Ordinary	100.00 %	UK
MITIE Technical Facilities	Provider of FM	£1 00 Ordinary	1.23 %	UK
MITIE Transport Services Limited	Provider of FM	£1 00 A Ordinary	16.57 %	UK
MITIE Transport Services Limited	Provider of FM	£1 00 B Ordinary	17.00 %	UK
MITIE Transport Services Limited	Provider of FM	£1 00 C Ordinary	2.41 %	UK

The company has taken advantage of Section 400 of the Companies Act 2006 and therefore no consolidated financial statements have been prepared

7 INTANGIBLE FIXED ASSETS

Development expenditure £'000

Cost

At 1 April 2011

Additions

At 31 March 2012

1,735

1,735

Amortisation

At 1 April 2011

Charge for the year

At 31 March 2012

-

177

177

Net book value

At 31 March 2012

1,558

At 31 March 2011

-

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

8 TANGIBLE FIXED ASSETS

	Plant and office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation			
At 1 April 2011	388	542	930
Additions	447	12	459
Disposals	(46)	(210)	(256)
Transfers in from group companies	-	87	87
Transfers out to group companies	-	(17)	(17)
At 31 March 2012	789	414	1,203
Depreciation			
At 1 April 2011	145	230	375
Charge for the year	155	96	251
Disposals	(24)	(148)	(172)
Transfers in from group companies	-	49	49
Transfers out to group companies	-	(9)	(9)
At 31 March 2012	276	218	494
Net book value			
At 31 March 2012	513	196	709
At 31 March 2011	243	312	555

9 STOCKS

	2012 £'000	2011 £'000
Raw materials	28	41
	28	41

10 DEBTORS

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	5,853	7,275
Amounts owed by Group undertakings	17,522	13,560
Other debtors	4,514	4,189
Prepayments and accrued income	714	2,367
Corporation tax	257	560
Deferred tax asset	17	-
	28,877	27,951
Amounts falling due after more than one year		
Other debtors	4,000	-
Amounts owed by Group undertakings	-	3,296
	4,000	3,296

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£'000	£'000
Trade creditors	1,216	2,155
Amounts owed to Group undertakings	37,659	32,950
Other taxation and social security	1,600	1,229
Other creditors	1,756	84
Accruals and deferred income	4,706	5,430
	46,937	41,848

12 CALLED UP SHARE CAPITAL

	2012	2011
	£'000	£'000
Alotted, called up and fully paid share capital		
38,750,000 £1 Ordinary shares	38,750	38,750
	38,750	38,750

13 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 April 2011	286,513	38,294
Profit for the year	-	25,886
Dividends	-	(28,425)
Net actuarial gain on pension scheme	-	9
Capital contribution relating to share-based payments	-	94
At 31 March 2012	286,513	35,858

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012	2011
	£'000	£'000
Profit for the financial year	25,886	18,939
Dividends paid on equity shares	(28,425)	(22,843)
Net actuarial gain on pension scheme	9	17
Capital contribution relating to share-based payments	94	76
Net reduction in shareholders' funds	(2,436)	(3,811)
Opening shareholders' funds	363,557	367,368
Closing shareholders' funds	361,121	363,557

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

15 FINANCIAL COMMITMENTS

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

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- in less than one year	-	-	-	-
- between two and five years	13	306	52	335
- after five years	-	-	-	-
	<u>13</u>	<u>306</u>	<u>52</u>	<u>335</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

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

16 DIRECTORS

The emoluments of the directors of the company were

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

	2012 £'000	2011 £'000
	1,101	772
	32	-
	<u>1,133</u>	<u>772</u>

The number of directors who
were members of a defined benefit pension scheme
were members of a defined contribution pension scheme
exercised share options in the year

	2012 No	2011 No
	2	2
	1	-
	<u>3</u>	<u>2</u>

Highest paid director

- Aggregate emoluments

	2012 £'000	2011 £'000
	398	386
	<u>398</u>	<u>386</u>

The highest paid director did exercise share options in the year

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

17 EMPLOYEES

Average employee numbers

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

	2012 No	2011 No.
Operations	419	864
Administration	327	301
	<u>746</u>	<u>1,165</u>
Employment cost	£'000	£'000
Wages and salaries	20,100	25,113
Social security costs	1,891	2,099
Other pension costs	967	770
Share-based payments	94	76
	<u>23,052</u>	<u>28,058</u>

18 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 FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

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

	2012		2011	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of the year	680,057	182	238,028	179
Granted during the year	534,241	154	303,568	175
Forfeited during the year	(52,194)	192	(52,506)	213
Transferred (to)/from Group subsidiaries during the year	39,956	213	199,914	205
Exercised during the year	(119,239)	198	(8,947)	175
Outstanding at end of the year	1,082,821	167	680,057	182
Exercisable at end of year	98,962	210	76,000	213

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

	2012 £'000	2011 £'000
2001 Executive share options	74	32
2001 Savings Related share options	32	23
Long-term incentive plan scheme (LTIP)	(12)	19
	94	74
	2012	2011

The weighted average share price at the date of exercise for share options exercised during the year was (p)

254 199

The options outstanding at the year-end had a weighted average price of (p)

167 182

The options outstanding at the year-end had a weighted average remaining contractual life of (years)

6 6

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

SHARE-BASED PAYMENTS (continued)

The company granted options in the period as detailed below

Share scheme	Fair value £'000
ESOS	111
LTIP	292

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

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

19 PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 37 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £17.2 million (2011 deficit of £3 million).

Employer contributions to the scheme for the period are shown in note 18. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2011 17.5%).

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

20 PENSION LIABILITY

Other defined benefit schemes

In addition the company makes contributions under Admitted Body status to our customers' defined benefit schemes in respect of certain TUPE employees. These valuations are updated by the actuaries, the related current service costs and past service cost were measured using the projected unit credit method.

For the Admitted Body schemes, which are all part of the Local Government Pension Scheme, the company will only participate for a finite period up to the end of the contracts. The company is required to pay regular contributions as decided by the relevant Scheme Actuary and detailed in the schemes' Schedule of Contributions.

The contributions made by the employer over the financial period were £16,000 (2011: £18,000).

Key assumptions used for FRS 17 valuation	2012 %	2011 %
Discount rate	4.9	5.6
Expected return on scheme assets		
- Equity instruments	7.5	8.0
- Debt instruments	4.5	5.0
- Property	7.0	7.5
- Other assets	1.0	1.5
Expected rate of salary increases	3.2	4.0
Future pension increases	3.2	2.8
Inflation	2.2	3.5

The overall expected return on assets is calculated as the weighted average of the expected return of each asset class. The expected return on equities is the sum of dividend growth and capital growth net of investment expenses. The return on gilts and bonds is the current market yield on long-term bonds. Expected return on property has been set equal to that expected on equities less a margin. The expected return on other assets is the rate earned by the scheme on cash.

Amounts recognised in administrative expenses in respect of these defined benefit schemes are as follows:

	2012 £'000	2011 £'000
Current service cost	(15)	173
Past service cost	-	-
	<u>(15)</u>	<u>173</u>

Amounts recognised in interest in respect of these defined benefit schemes are as follows:

	£'000	£'000
Interest cost	(23)	(26)
Expected return on scheme assets	40	29
	<u>17</u>	<u>3</u>

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

PENSION LIABILITY (continued)

Amounts recognised in the statement of total recognised gains and losses are as follows

	£'000	£'000
Actual return less expected return on scheme assets	27	48
Experience adjustments arising on plan liabilities	(15)	(25)
	<u>12</u>	<u>23</u>

The amounts included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes are as follows

	£'000	£'000
Fair value of scheme assets	709	620
Present value of defined benefit obligations	(462)	(403)
Surplus in the scheme	<u>247</u>	<u>217</u>
Surplus in the scheme after contract adjustment	247	217
Related deferred tax asset	-	-
Net pension asset	<u>247</u>	<u>217</u>

Analysis of scheme assets

	£'000	£'000
Equity instruments	262	240
Debt instruments	383	320
Property	37	34
Other assets	<u>27</u>	<u>27</u>
At 31 March 2012	<u>709</u>	<u>621</u>

Movements in the present value of defined benefit obligations were as follows.

	£'000	£'000
At 1 April 2011	403	-
Service costs	15	(171)
Interest costs	23	26
Contributions from scheme members	10	11
Actuarial gains/(losses)	16	82
Benefits paid	(5)	(5)
Contract transfers	-	460
At 31 March 2012	<u>462</u>	<u>403</u>

Movements in the fair value of scheme assets were as follows:

	£'000	£'000
At 1 April 2011	620	-
Expected return on scheme assets	40	29
Actuarial gains	28	49
Contributions from scheme members	10	11
Contributions from sponsoring companies	16	18
Benefits paid	(5)	(5)
Contract transfers	-	518
At 31 March 2012	<u>709</u>	<u>620</u>

MITIE FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

PENSION LIABILITY (continued)

The history of experience adjustments is as follows

	2012 £'000	2011 £'000
Fair value of scheme assets	709	620
Present value of defined benefit	(462)	(403)
Surplus in scheme	247	217
	2012	2011
Experience adjustments on scheme liabilities (£'000)	16	82
Percentage of scheme liabilities	3%	20%
Experience adjustments on scheme assets (£'000)	27	49
Percentage of scheme assets	4%	8%

21 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

PTRS = Procurement of trade related services

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
MITIE Client Services Limited	PTRS	(110)	(67)	3	(11)
MITIE Landscapes Limited	PTRS	33	3	39	10
MITIE Pest Control (London) Limited	PTRS	(16)	(8)	(4)	-
MITIE Security (London) Limited	PTRS	(6,286)	(3,066)	1	(1,052)
MITIE Security Limited	PTRS	485	329	(991)	(105)
MITIE Technical Facilities Management Limited	PTRS	(25,570)	(3,530)	(4,908)	(2,375)
MITIE Care and Custody Limited	PTRS	16	59	-	59
MITIE Facilities Management Limited	PTRS	546	-	(22)	-

22 ULTIMATE PARENT UNDERTAKING 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.