

Company Registration Number 3528302

**MITIE AIR CONDITIONING (WALES) LIMITED**

**Report and Financial Statements**

**31 March 2008**

TUESDAY



A09 \*ACBBX3DL\* 23/09/2008 33  
COMPANIES HOUSE

**MITIE AIR CONDITIONING (WALES) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2008**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

## **MITIE AIR CONDITIONING (WALES) LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

S C Baxter  
B R Edwards  
R McGregor-Smith  
C J Williams

#### **SECRETARY**

MITIE Company Secretarial Services Limited

#### **REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emersons Green  
Bristol  
BS16 7FH

#### **BANKERS**

HSBC Bank plc  
49 Corn Street  
Bristol  
BS99 7PP

#### **AUDITORS**

Deloitte & Touche LLP  
Bristol

## **MITIE AIR CONDITIONING (WALES) LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the 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'). On 31 March 2008 the company transferred its trade and assets to MITIE Engineering Services (Cardiff) Limited for a consideration of £0.939 million. Up to this date the company provided installation and maintenance of air conditioning systems and associated mechanical and electrical systems in commercial, industrial and domestic premises. The company has ceased trading, and as a result, its financial statements have been prepared on the basis other than that of a going concern (note 1).

As shown in the company's profit and loss account on page 6, the company's sales have decreased by 8% over the prior year. Over the same period the company has made a trading profit after tax of £68,558 compared to a profit after tax of £68,980 in the previous 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, increased significantly from 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 AIR CONDITIONING (WALES) LIMITED**

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

#### **DIVIDENDS**

A dividend of £1 26 (2007 £2 77) per 'A' ordinary share and £1 26 (2007 8p) per 'B' ordinary share were approved and paid during the year

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

Prior to the transfer of trade, the loss of key customers was a key risk to the business. The company managed this risk by developing and maintaining strong relationships with these customers.

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

#### **FINANCIAL RISK MANAGEMENT**

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

Prior to the transfer of trade appropriate trade terms were negotiated with suppliers and customers. Management reviewed these terms and the relationships with suppliers and customers and managed any exposure on normal trade terms. The company prepared regular forecasts of cash flow and liquidity and any requirement for additional funding was 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 were transferred to MITIE Engineering Services (Cardiff) Limited, and therefore, in this company, as a proportion of amounts invoiced from suppliers for the financial year, represented 0 days (2007 88 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 AIR CONDITIONING (WALES) LIMITED**

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

#### **DIRECTORS**

The directors during the year and subsequently, unless otherwise stated, were as follows

C S Acheson (resigned 2 October 2007)  
S C Baxter  
B R Edwards  
R McGregor-Smith  
I L Montgomery (resigned 6 August 2007)  
C J Williams

#### **AUDITORS**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

A resolution to appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting

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



**S C Baxter**  
Director

10 SEPTEMBER 2008

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **MITIE AIR CONDITIONING (WALES) LIMITED**

We have audited the financial statements of MITIE Air Conditioning (Wales) Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. 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 profit 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.

#### **Emphasis of matter- Financial statements prepared on a basis other than that of going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.



**DELOITTE & TOUCHE LLP**  
Chartered Accountants and Registered Auditors  
Bristol, United Kingdom

12/9/08

# MITIE AIR CONDITIONING (WALES) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2008

	Note	Discontinued operations	
		2008	2007
		£	£
<b>TURNOVER</b>	1	1,545,662	1,684,420
Cost of sales		(1,164,829)	(1,326,142)
<b>GROSS PROFIT</b>		380,833	358,278
Administrative expenses		(291,448)	(272,675)
<b>OPERATING PROFIT</b>	2	89,385	85,603
Profit on disposal of net assets	3	552,419	-
Interest received and similar income	4	12,939	12,543
Interest paid and similar charges	4	(169)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		654,574	98,146
Tax on profit on ordinary activities	5	(33,597)	(29,166)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	620,977	68,980

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



# MITIE AIR CONDITIONING (WALES) LIMITED

## BALANCE SHEET At 31 March 2008

	Note	2008		2007	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		-		20,960
<b>CURRENT ASSETS</b>					
Stocks	8	-		1,139	
Debtors	9	939,000		418,454	
Cash at bank and in hand		-		299,172	
		<u>939,000</u>		<u>718,765</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	-		<u>(382,290)</u>	
<b>NET CURRENT ASSETS</b>			<u>939,000</u>		<u>336,475</u>
<b>NET ASSETS</b>			<u><u>939,000</u></u>		<u><u>357,435</u></u>
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	11		30,000		30,000
Capital contribution reserve	12		4,592		6,343
Profit and loss account	13		<u>904,408</u>		<u>321,092</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	14		<u><u>939,000</u></u>		<u><u>357,435</u></u>

These financial statements were approved by the Board of Directors on 10 SEPTEMBER 2008

Signed on behalf of the Board of Directors



**S C Baxter**  
Director

## **MITIE AIR CONDITIONING (WALES) 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.

As explained in the directors' report, the company transferred its trade, assets and liabilities to a fellow subsidiary company on 31 March 2008 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the fellow subsidiary company at fair value.

##### **Turnover**

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied and contract work completed in the period. 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:

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

##### **Leasing commitments**

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease.

##### **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 AIR CONDITIONING (WALES) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2008**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Tax**

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

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

##### **Pension costs**

The company participates in the MITIE Group PLC Pension 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.

##### **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.

**MITIE AIR CONDITIONING (WALES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2008**

**2 OPERATING PROFIT**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging/(crediting)		
Depreciation on owned assets	9,178	7,997
Auditors' remuneration - audit services	3,210	1,650
Profit on disposal of tangible fixed assets	-	(2,650)
	<u>          </u>	<u>          </u>

**3. PROFIT ON DISPOSAL OF NET ASSETS**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit on disposal of net assets	552,419	-
	<u>          </u>	<u>          </u>

The profit on disposal of net assets arose on the sale of the company's operations to MITIE Engineering Services (Cardiff) Limited

**4 INTEREST**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Interest received and similar income</b>		
Bank interest	12,933	12,543
Other Interest	6	-
	<u>          </u>	<u>          </u>
	12,939	12,543
	<u>          </u>	<u>          </u>
<b>Interest paid and similar charges</b>	<b>£</b>	<b>£</b>
Other interest	169	-
	<u>          </u>	<u>          </u>

# MITIE AIR CONDITIONING (WALES) LIMITED

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

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
<b>(a) Analysis of charge in year</b>		
United Kingdom corporation tax at 30% (2007 30%)	30,931	29,588
Adjustment in respect of prior years	-	309
<b>Total current tax (note 4(b))</b>	<b>30,931</b>	<b>29,897</b>
Deferred taxation		
Timing differences - origination and reversal	2,666	(422)
Adjustment in respect of prior years	-	(309)
<b>Tax on profit on ordinary activities</b>	<b>33,597</b>	<b>29,166</b>

#### (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

	£	£
Profit on ordinary activities before tax	654,574	98,146
	£	£
Tax at 30% thereon	196,372	29,444
Expenses not deductible for tax purposes	134	(278)
Profit on disposal of net assets not taxable	(165,726)	-
Difference between capital allowances and depreciation	676	(971)
Relief in respect of employee share options	657	-
Other timing differences	(1,182)	1,393
Adjustment in respect of prior years	-	309
<b>Current tax charge for the year (note 4(a))</b>	<b>30,931</b>	<b>29,897</b>

#### (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 AIR CONDITIONING (WALES) LIMITED

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

### 6. DIVIDENDS

The dividends approved and paid in the year are as follows

	2008 £	2007 £
£1 26 (2007 £2 77) per share on £1 'A' ordinary shares	19,207	42,372
£1 26 (2007 8p) per share on £1 'B' ordinary shares	18,454	1,176
	<u>37,661</u>	<u>43,548</u>

### 7. TANGIBLE FIXED ASSETS

	Plant and office equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 April 2007	6,100	46,133	52,233
Additions	1,949	-	1,949
Transfers out	(8,049)	(46,133)	(54,182)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2008	-	-	-
<b>Depreciation</b>			
At 1 April 2007	6,043	25,230	31,273
Charge for the year	317	8,861	9,178
Transfers out	(6,360)	(34,091)	(40,451)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2008	-	-	-
<b>Net book value</b>			
At 31 March 2008	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2007	<u>57</u>	<u>20,903</u>	<u>20,960</u>

### 8. STOCKS

	2008 £	2007 £
Work in progress	<u>-</u>	<u>1,139</u>

# MITIE AIR CONDITIONING (WALES) LIMITED

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

9. DEBTORS	2008 £	2007 £
Trade debtors	-	259,107
Amounts owed by group undertakings	939,000	154,707
Prepayments and accrued income	-	1,301
Deferred tax	-	3,339
	<u>939,000</u>	<u>418,454</u>

A deferred tax asset of £673 was transferred to MITIE Engineering Services (Cardiff) Limited. This asset related to share based payments. The amount charged to the profit and loss account in the year was £2,666 (2007 credited with £731).

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2008 £	2007 £
Trade creditors	-	220,770
Amounts owed to group undertakings	-	103,877
Corporation tax	-	14,188
Other taxes and social security costs	-	28,994
Other creditors	-	417
Accruals and deferred income	-	14,044
	<u>-</u>	<u>382,290</u>

11. CALLED UP SHARE CAPITAL	2008 £	2007 £
<b>Authorised</b>		
55,900 £1 'A' ordinary shares	55,900	55,900
44,100 £1 'B' ordinary shares	44,100	44,100
	<u>100,000</u>	<u>100,000</u>
	£	£
<b>Allotted, called up and fully paid</b>		
15,300 £1 'A' ordinary shares	15,300	15,300
14,700 £1 'B' ordinary shares	14,700	14,700
	<u>30,000</u>	<u>30,000</u>

# MITIE AIR CONDITIONING (WALES) LIMITED

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

### 12. CAPITAL CONTRIBUTION RESERVE

	£
At 1 April 2007	6,343
Decrease for the financial year	(1,751)
	<hr/>
At 31 March 2008	4,592
	<hr/>

### 13. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2007	321,092
Profit for the financial year	620,977
Dividends	(37,661)
	<hr/>
At 31 March 2008	904,408
	<hr/>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	620,977	68,980
Dividends (note 6)	(37,661)	(43,548)
Capital contribution reserve	(1,751)	6,343
	<hr/>	<hr/>
Net addition to shareholders' funds	581,565	31,775
Opening shareholders' funds	357,435	325,660
	<hr/>	<hr/>
Closing shareholders' funds	939,000	357,435
	<hr/>	<hr/>

### 15. FINANCIAL COMMITMENTS

#### Operating leases

At 31 March 2008 the company had no annual commitments under non-cancellable operating leases (2007 nil)



# MITIE AIR CONDITIONING (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

### 16. DIRECTORS

	2008 £	2007 £
The emoluments of directors of the company were		
Fees and other emoluments (excluding pension contributions)	19,349	55,348
	<u>No</u>	<u>No.</u>
The number of directors who were members of a defined benefit pension scheme	1	1

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. B R Edwards and C J Williams were remunerated by MITIE Engineering Services Limited for their services to the group as a whole. It is not practicable to allocate their remuneration between their services as directors of MITIE Air Conditioning (Wales) Limited and their services as directors of other group companies.

No other director exercised options in the shares of the ultimate group company, MITIE Group PLC, during the year (2007: one director).

### 17. 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	2	3
Site	7	8
	<u>9</u>	<u>11</u>
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	309,993	302,131
Social security costs	31,733	32,153
Pension costs	4,750	7,280
Share-based payments (income)/expense (see note 18)	(1,751)	6,343
	<u>344,725</u>	<u>347,907</u>

# MITIE AIR CONDITIONING (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

### 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 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.

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 <sup>(1)</sup>	51,796	144	41,849	135
Granted during the period	1,190	220	11,243	177
Forfeited during the period	(16,692)	126	-	-
Transferred to Group subsidiaries during the period	(36,294)	154	-	-
Exercised during the period	-	-	(1,296)	125
<b>Outstanding at end of the period</b>	<b>-</b>	<b>-</b>	<b>51,796</b>	<b>144</b>
<b>Exercisable at end of the period</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>145</b>

<sup>(1)</sup> There are no options included within this balance (2007: 11,583) 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. In the prior year their exercise prices ranged from 57p to 174p.

# MITIE AIR CONDITIONING (WALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

### 18 SHARE-BASED PAYMENTS (continued)

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

	2008 £	2007 £
2001 Executive share options	(654)	2,843
2001 Saving related share options	(1,097)	3,500
	<u>(1,751)</u>	<u>6,343</u>

There were no options exercised during the period. The weighted average share price at the date of exercise for share options exercised during the prior period was 215p.

There were no options outstanding at 31 March 2008. The options outstanding at 31 March 2007 had a weighted average exercise price of 144p and a weighted average remaining contractual life of 5.10 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 £467.

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 £4,296.

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 (%)	1.43 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.

## **MITIE AIR CONDITIONING (WALES) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2008**

#### **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 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 17 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.

#### **20. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of MITIE Group PLC, MITIE Air Conditioning (Wales) Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the Group.

#### **21. 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.