

Company Registration Number 3528320

MITIE PROPERTY SERVICES LIMITED

Report and Financial Statements

31 March 2007

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MITIE PROPERTY SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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MITIE PROPERTY SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Baxter
R McGregor-Smith
J Ridley
W Robson
R Robinson

SECRETARY

MITIE Company Secretarial Services Limited (appointed 30 June 2006)
C K Ross (resigned 30 June 2006)

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 PROPERTY SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the financial year ended 31 March 2007

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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

The company's profit and loss account, on page 6, reveals that operating income has increased by 48% over the prior year and profit after tax has increased by £907,886.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end is, in net assets terms, improved on 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.

DIVIDENDS

A dividend of £147,500 (2006: £16,875) per 'A' ordinary share was approved and paid during the year.

MITIE PROPERTY SERVICES LIMITED

DIRECTORS' REPORT (continued)

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.

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

FINANCIAL RISK MANAGEMENT

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

Appropriate trade terms are negotiated with suppliers 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.

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 2007 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 15 days (2006: 25 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.

DIRECTORS AND THEIR INTERESTS

The directors during the year and subsequently were as follows:

R McGregor-Smith

J Ridley

W Robson

S C Baxter (appointed 8 May 2006)

I R Stewart (resigned 30 March 2007)

R Robinson (appointed 1 April 2007)

MITIE PROPERTY SERVICES LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

No director held a beneficial interest in the share capital of the company or any other group company at the beginning or end of the financial year, except as disclosed below

S C Baxter, R McGregor-Smith, W Robson and I R Stewart are directors of MITIE Group PLC, the parent undertaking, and their interests in and options of the share capital of that company and other group companies are shown in the financial statements of MITIE Group PLC

Other directors' interests in the share capital of MITIE Group PLC are as follows

	At 31 March 2007 2.5p Ordinary shares No.	At 1 April 2006 2.5p Ordinary shares No.
J Ridley	74,713	79,963

Share Options

	At 1 April 2006	Granted during the period Options	Price	Exercise period From	To	Exercised during the period Options	Price	At 31 March 2007
J Ridley	(i) 12,437	1,678	1.65	2011	2012	1,296	1.25	12,819

(i) Options under the Savings Related Option Scheme

Further details of the MITIE Group PLC Share Schemes are given in the accounts of that company

AUDITORS

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

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

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

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

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



S C Baxter
Director

18 July 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE PROPERTY SERVICES LIMITED

We have audited the financial statements of MITIE Property Services Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement 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 2007 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.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

20 July 2007

MITIE PROPERTY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2007

	Note	Continuing operations	
		2007	2006
		£	£
Other operating income	1	4,535,615	3,072,590
Administrative expenses		(2,411,392)	(2,262,031)
OPERATING PROFIT	2	<u>2,124,223</u>	<u>810,559</u>
Interest receivable and similar income	3	38,043	39,040
Interest payable and similar charges	3	(13,303)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,148,963</u>	<u>849,599</u>
Tax on profit on ordinary activities	4	(649,280)	(257,802)
PROFIT FOR THE FINANCIAL YEAR	10	<u>1,499,683</u>	<u>591,797</u>

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 has been presented.

MITIE PROPERTY SERVICES LIMITED

BALANCE SHEET

At 31 March 2007

	Note	2007	2006
		£	£
FIXED ASSETS			
Tangible assets	6	4,343,590	511,679
CURRENT ASSETS			
Debtors	7	780,441	709,423
Cash at bank and in hand		-	554,561
		<u>780,441</u>	<u>1,263,984</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(2,995,684)</u>	<u>(879,456)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,215,243)</u>	<u>384,528</u>
NET ASSETS		<u>2,128,347</u>	<u>896,207</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	2,100,888	896,205
Capital contribution reserve	10	27,457	-
SHAREHOLDERS' FUNDS	11	<u>2,128,347</u>	<u>896,207</u>

These financial statements were approved by the Board of Directors on 18 July 2007

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE PROPERTY SERVICES LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2007

	Notes	2007		2006	
		£	£	£	£
Net cash inflow from operating activities	12		3,099,337		995,959
Returns on investments and servicing of finance					
Interest received		41,372		39,092	
Interest payable		(8,375)		-	
Net cash inflow from returns on investments and servicing of finance			32,997		39,092
Taxation					
UK corporation tax paid			(371,444)		(120,316)
Capital expenditure					
Payments to acquire tangible fixed assets		(4,648,941)		(506,700)	
Receipts from disposal of tangible fixed assets		34,386		14,600	
Net cash outflow from capital expenditure			(4,614,555)		(492,100)
Equity dividend paid			(295,000)		(33,750)
(Decrease)/increase in cash in the year	14		(2,148,665)		388,885

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

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 with the exception of FRS 20 'Share-Based Payments', are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Operating income

Operating income represents management charges receivable from other group companies.

Tangible fixed assets and depreciation

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

Office equipment	3 to 10 years
Motor vehicles	4 years

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 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 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

Pension costs represent amounts paid to one of the Group's pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

Share-based payments

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

On 1 April 2006, the company applied the requirement of FRS 20 'Share-Based Payment'. In accordance with the transitional provision, FRS 20 has been applied to all grants after 7 November 2002 that had not vested before 1 April 2005.

Change in accounting policy

The financial statements for the year ended 31 March 2007 have been drawn up using the same accounting policies as for the year ended 31 March 2006 subject to the adoption of FRS 20 'Share-based payment'.

The effect of adopting FRS 20 has decreased the profit for the year ended 31 March 2007 by £19,687, increased deferred tax assets by £7,770 and given rise to a capital contribution of £27,457.

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

2. OPERATING PROFIT

	2007 £	2006 £
Operating profit is stated after charging/ (crediting)		
Depreciation	785,020	37,660
Operating lease rentals		
- plant and machinery	12,191	17,138
- other	42,150	-
Auditors' remuneration - audit services	2,750	2,500
(Profit)/loss on disposal of tangible fixed assets	(2,376)	3,099

3. INTEREST

	2007 £	2006 £
Interest receivable and similar income		
Bank interest	38,043	39,016
Other interest	-	24
	<u>38,043</u>	<u>39,040</u>
Interest payable and similar charges	£	£
Bank interest	<u>13,303</u>	<u>-</u>

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2007

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
(a) Analysis of charge in year		
United Kingdom corporation tax at 30% (2006 30%)	519,383	227,540
Adjustment in respect of prior years	43,971	2,776
Total current tax (note 4(b))	563,354	230,316
Deferred taxation		
Timing differences - origination and reversal	132,297	28,379
Adjustment in respect of prior years	(46,371)	(893)
Tax on profit on ordinary activities	649,280	257,802

(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% (2006 30%) The differences are as follows

	£	£
Profit on ordinary activities before tax	2,148,963	849,599
	£	£
Tax at 30% thereon	644,689	254,880
Expenses not deductible for tax purposes	6,991	1,039
Capital allowances in excess of depreciation	(144,079)	(28,466)
Other timing differences	11,782	87
Prior year adjustments	43,971	2,776
Current tax charge for the year (note 4(a))	563,354	230,316

(c) Factors affecting future tax charges

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

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

5. DIVIDENDS

The dividends approved and paid in the year are as follows	2007 £	2006 £
£147,500 (2006 £16,875) per share on £1 'A' ordinary shares	295,000	33,750

6 TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2006	123,515	474,937	598,452
Additions	83,618	4,564,582	4,648,200
Disposals	(17,474)	(26,618)	(44,092)
Transfers in	815	-	815
Transfers out	-	(25,769)	(25,769)
At 31 March 2007	190,474	4,987,132	5,177,606
Depreciation			
At 1 April 2006	56,912	29,861	86,773
Charge for the year	38,823	746,197	785,020
Disposals	(17,474)	(12,059)	(29,533)
Transfer in	74	-	74
Transfers out	-	(8,318)	(8,318)
At 31 March 2007	78,335	755,681	834,016
Net book value			
At 31 March 2007	112,139	4,231,451	4,343,590
At 31 March 2006	66,603	445,076	511,679

7 DEBTORS

	2007 £	2006 £
Trade debtors	447,163	373,740
Amounts owed by group undertakings	30,913	230,302
Other debtors	291,082	102,052
Prepayments and accrued income	11,283	3,329
	780,441	709,423

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2007	2006
	£	£
Bank overdraft	1,594,104	-
Amounts owed to group undertakings	43,790	43,790
Corporation tax	354,399	162,489
Other taxation and social security	184,094	64,254
Accruals and deferred income	695,479	572,626
Other creditors	11,573	9,978
Deferred tax	112,245	26,319
	<u>2,995,684</u>	<u>879,456</u>

A deferred tax liability of £112,245 has been recognised at 31 March 2007 (2006 £26,319). This liability relates to capital allowances in excess of depreciation and share-based payments. The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse. The amount charged to the profit and loss account in the year was £85,926 (2006 £27,486).

9. CALLED UP SHARE CAPITAL	2007	2006
	£	£
Authorised		
1,000 £1 'A' ordinary shares	<u>1,000</u>	<u>1,000</u>
	£	£
Allotted and fully paid		
2 £1 'A' ordinary shares	<u>2</u>	<u>2</u>

10. RESERVES	Profit and loss account	Capital contribution reserve
	£	£
At 1 April 2006	896,205	-
Profit for the year	1,499,683	-
Share based payment	-	27,457
Dividends	(295,000)	-
At 31 March 2007	<u>2,100,888</u>	<u>27,457</u>

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

11.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2007	2006
		£	£
	Profit for the financial year	1,499,683	591,797
	Dividends (note 5)	(295,000)	(33,750)
	Capital contribution reserve	27,457	-
	Net addition to shareholders' funds	1,232,140	558,047
	Opening shareholders' funds	896,207	338,160
	Closing shareholders' funds	2,128,347	896,207
12.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2007	2006
		£	£
	Operating profit	2,124,223	810,559
	Depreciation charges	785,020	37,660
	(Profit)/loss on disposal of tangible fixed assets	(2,376)	3,099
	Increase in debtors	(74,347)	(202,208)
	Increase in creditors	239,360	346,849
	Share-based payment expense	27,457	-
	Net cash inflow from operating activities	3,099,337	995,959
13.	ANALYSIS OF CHANGES IN NET FUNDS/ (DEBT)	At 1 April	At 31 March
		2006	2007
		£	£
	Cash at bank and in hand	554,561	(1,594,104)

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2007

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	2007 £	2006 £
(Decrease)/increase in cash in the year	(2,148,665)	388,885
Net funds at beginning of year	554,561	165,676
Net (debt)/funds at end of year	<u>(1,594,104)</u>	<u>554,561</u>

15. FINANCIAL COMMITMENTS

Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts and loans. As at 31 March 2007, the overall commitment was £20 million (2006 £33 million)

Operating leases

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings £	2007 Office equipment £	Land and buildings £	2006 Office equipment £
Expiry date				
- within one year	-	5,935	-	-
- within two to five years	-	687	-	15,483
- after five years	67,985	-	-	-
	<u>67,985</u>	<u>6,622</u>	<u>-</u>	<u>15,483</u>

16. DIRECTORS

	2007 £	2006 £
The emoluments of directors of the company were		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	<u>109,958</u>	<u>95,216</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>2</u>	<u>2</u>

R McGregor-Smith, W Robson, S C Baxter and I R Stewart are also directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts. It is not practicable to allocate their remuneration between their services as directors of MITIE Property Services Limited and their services as directors of other group companies.

One of the directors exercised options in the shares of the ultimate group company, MITIE Group PLC, during the year (2006 one director)

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

17. EMPLOYEES

Number of employees

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

	2007 No.	2006 No.
Administration and management	19	20
Employment costs (including directors)	£	£
Wages and salaries	1,665,176	1,343,302
Social security costs	200,397	144,234
Other pension costs	73,885	62,460
Share-based payments (see note 18)	27,457	-
	<u>1,966,915</u>	<u>1,549,996</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 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.

The MITIE Group PLC 2001 Savings Related share option scheme

The Savings Related share option scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the Scheme are issued. The vesting period is five years. If the options remain unexercised after a period of five years and nine months from the date of grant, the options expire. Options may be forfeited if the employee leaves the Group.

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2007

18. SHARE-BASED PAYMENTS (continued)

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

	2007		2006	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of period ⁽¹⁾	167,982	144	127,214	135
Granted during the period	40,629	173	76,880	155
Forfeited during the period	(3,644)	136	(1,362)	119
Transferred to/from Group subsidiaries during the period	(17,325)	157	-	-
Exercised during the period	(36,888)	138	(34,750)	139
Outstanding at the end of the period	150,754	152	167,982	144
Exercisable at the end of the period	11,000	151	23,720	151

⁽¹⁾ Included within this balance are 7,389 (2006 31,293) options that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20. Their exercise prices range from 57p to 174p (2006 57p to 174p).

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

	2007 £
2001 Executive share options	19,413
2001 Saving Related share options	8,044
	27,457

The weighted average share price at the date of exercise for share options exercised during the period was 196p (2006 187p)

The options outstanding at 31 March 2007 had a weighted average exercise price of 152p (2006 144p) and a weighted average remaining contractual life of 5.95 years (2006 6.89 years)

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

18. SHARE-BASED PAYMENTS (continued)

In the year ended 31 March 2007, options were granted on 22 June 2006 and 24 July 2006 in respect of the Executive and Savings Related share option schemes respectively. The aggregate of the estimated fair values of the options granted on those dates is £15,607.

In the year ended 31 March 2006, options were granted on 23 June 2005 and 20 July 2005 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 £25,081.

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

	2007	2006
Share price (p)	130 to 193	134 to 161
Exercise price (p)	120 to 191	120 to 138
Expected volatility (%)	28 to 30	28 to 29
Expected life (years)	4 to 6	5 to 6
Risk-free rate (%)	4.17 to 5.12	4.24 to 5.12
Expected dividends (%)	1.43 to 2.29	1.43 to 2.12

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.

19. RELATED PARTY TRANSACTIONS

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

20. 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 30 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension surplus of £0.5 million (2006: £1.8 million).

Contributions to the scheme for the period are shown in note 18 and the agreed contribution rate for the next 12 months is 10% (2006: 10%) and 7.5% (2006: 7.5%) for the Group and employees respectively.

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

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 both 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.