

Company Registration Number 3528320

MITIE PROPERTY SERVICES LIMITED

Report and Financial Statements

31 March 2008

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MITIE PROPERTY SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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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

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 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is a wholly owned subsidiary of MITIE Group PLC (the 'Group'). The company provides 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 31% over the prior year and profit after tax has decreased by £163,397.

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 £517,522 (2007: £147,500) 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 2008 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 45 days (2007: 15 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 PROPERTY SERVICES LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors during the year and subsequently were as follows

S C Baxter
R McGregor-Smith
J Ridley
W Robson
R Robinson (appointed 1 April 2007)

AUDITORS

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

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

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

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

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



S C Baxter
Director

17 July 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE PROPERTY SERVICES LIMITED

We have audited the financial statements of MITIE Property Services Limited for the year ended 31 March 2008 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 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.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

17 July 2008

MITIE PROPERTY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2008

	Note	Continuing operations	
		2008	2007
		£	£
Operating income	1	5,956,956	4,535,615
Administrative expenses		(3,998,976)	(2,411,392)
OPERATING PROFIT	2	1,957,980	2,124,223
Interest received and similar income	3	13,709	38,043
Interest paid and similar charges	3	(42,690)	(13,303)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,928,999	2,148,963
Tax on profit on ordinary activities	4	(592,713)	(649,280)
PROFIT FOR THE FINANCIAL YEAR	10	1,336,286	1,499,683

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 2008

	Note	2008	2007
		£	£
FIXED ASSETS			
Tangible assets	6	5,121,115	4,343,590
CURRENT ASSETS			
Debtors	7	821,692	780,441
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(3,503,918)	(2,995,684)
NET CURRENT LIABILITIES		(2,682,226)	(2,215,243)
NET ASSETS		<u>2,438,889</u>	<u>2,128,347</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	2,402,131	2,100,888
Capital contribution reserve	10	36,756	27,457
SHAREHOLDERS' FUNDS	11	<u>2,438,889</u>	<u>2,128,347</u>

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

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE PROPERTY SERVICES LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2008

	Notes	2008	2007
		£	£
Net cash inflow from operating activities	12	4,794,113	3,099,337
Returns on investments and servicing of finance			
Interest received		13,709	41,372
Interest payable		(43,279)	(8,375)
Net cash (outflow)/inflow from returns on investments and servicing of finance		(29,570)	32,997
Taxation			
UK corporation tax paid		(413,609)	(371,444)
Capital expenditure			
Payments to acquire tangible fixed assets		(2,335,876)	(4,648,941)
Receipts from disposal of tangible fixed assets		16,841	34,386
Net cash outflow from capital expenditure		(2,319,035)	(4,614,555)
Equity dividend paid		(1,035,043)	(295,000)
Increase/(decrease) in cash in the year	14	996,856	(2,148,665)

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

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

Operating leases

Rentals paid under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Tax

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

Share-based payments

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

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

2. OPERATING PROFIT

	2008	2007
	£	£
Operating profit is stated after charging/(crediting)		
Depreciation	1,542,965	785,020
Operating lease rentals		
- plant and machinery	5,934	12,191
- other	79,264	42,150
Auditors' remuneration - audit services	3,500	2,750
Profit on disposal of tangible fixed assets	(1,454)	(2,376)
	<u> </u>	<u> </u>

3. INTEREST

	2008	2007
	£	£
Interest received and similar income		
Bank interest	13,709	38,043
	<u> </u>	<u> </u>
Interest paid and similar charges	£	£
Bank interest	42,690	13,303
	<u> </u>	<u> </u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008	2007
	£	£
(a) Analysis of charge on ordinary activities		
United Kingdom corporation tax at 30% (2007 30%)	626,163	519,383
Adjustment in respect of prior years	12,806	43,971
	<u> </u>	<u> </u>
Total current tax (note 4(b))	638,969	563,354
Deferred taxation		
Timing differences - origination and reversal	(29,697)	132,297
Decrease in tax rate	(4,714)	-
Adjustment in respect of prior years	(11,845)	(46,371)
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	592,713	649,280
	<u> </u>	<u> </u>

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

4. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax charge for the current period

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

	2008 £	2007 £
Profit on ordinary activities before tax	1,928,999	2,148,963
	£	£
Tax at 30% thereon	578,700	644,689
Expenses not deductible for tax purposes	15,585	6,991
Capital allowances less than/(in excess of) depreciation	1,291	(144,079)
Relief in respect of employee share options	2,181	-
Other timing differences	28,406	11,782
Adjustment in respect of prior years	12,806	43,971
Current tax charge for the year (note 4(a))	638,969	563,354

(c) Factors that may affect the future tax charge

The company is not aware of any factors that will materially affect the future tax charge

(d) Deferred tax note

Movement on deferred taxation liability in the year	£	£
Opening balance	(112,245)	(26,319)
Credit/(charge) to profit and loss account (note 4 (a))	46,256	(85,926)
Closing balance	(65,989)	(112,245)

(e) Analysis of deferred tax balance

	£	£
Capital allowances in excess of depreciation	146,670	164,715
Short-term timing differences	(72,860)	(44,700)
Share-based payments	(7,821)	(7,770)
	65,989	112,245

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

5. DIVIDENDS

The dividends approved and paid in the year are as follows

	2008 £	2007 £
£517,522 (2007 £147,500) per share on £1 'A' ordinary shares	<u>1,035,043</u>	<u>295,000</u>

6. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2007	190,474	4,987,132	5,177,606
Additions	43,260	2,292,616	2,335,876
Disposals	(19,515)	(33,610)	(53,125)
At 31 March 2008	<u>214,219</u>	<u>7,246,138</u>	<u>7,460,357</u>
Depreciation			
At 1 April 2007	78,335	755,681	834,016
Charge for the year	48,822	1,494,143	1,542,965
Disposals	(19,515)	(18,224)	(37,739)
At 31 March 2008	<u>107,642</u>	<u>2,231,600</u>	<u>2,339,242</u>
Net book value			
At 31 March 2008	<u>106,577</u>	<u>5,014,538</u>	<u>5,121,115</u>
At 31 March 2007	<u>112,139</u>	<u>4,231,451</u>	<u>4,343,590</u>

7. DEBTORS

	2008 £	2007 £
Trade debtors	534,987	447,163
Amounts owed by group undertakings	31,940	30,913
Other debtors	254,765	291,082
Prepayments and accrued income	-	11,283
	<u>821,692</u>	<u>780,441</u>

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2008	2007
	£	£
Trade creditors	24,890	-
Bank overdraft	597,248	1,594,104
Amounts owed to group undertakings	53,418	43,790
Corporation tax	579,759	354,399
Other taxation and social security	166,730	184,094
Accruals and deferred income	1,985,757	695,479
Other creditors	30,127	11,573
Deferred tax (note 4 (d))	65,989	112,245
	<u>3,503,918</u>	<u>2,995,684</u>
9. CALLED UP SHARE CAPITAL	2008	2007
	£	£
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 2007	2,100,888	27,457
Profit for the financial year	1,336,286	-
Share-based payment expense	-	9,299
Dividends	(1,035,043)	-
At 31 March 2008	<u>2,402,131</u>	<u>36,756</u>

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2008	2007
	£	£
Profit for the financial year	1,336,286	1,499,683
Dividends (note 5)	(1,035,043)	(295,000)
Share-based payment expense	9,299	27,457
Net addition to shareholders' funds	310,542	1,232,140
Opening shareholders' funds	2,128,347	896,207
Closing shareholders' funds	<u>2,438,889</u>	<u>2,128,347</u>
12. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2008	2007
	£	£
Operating profit	1,957,980	2,124,223
Depreciation charges	1,542,965	785,020
Profit on disposal of tangible fixed assets	(1,454)	(2,376)
Increase in debtors	(41,251)	(74,347)
Increase in creditors	1,326,574	239,360
Share-based payment expense	9,299	27,457
Net cash inflow from operating activities	<u>4,794,113</u>	<u>3,099,337</u>
13. ANALYSIS OF CHANGES IN NET DEBT	At 1 April	At 31 March
	2007	2008
	£	£
Bank overdraft	<u>(1,594,104)</u>	<u>(597,248)</u>
14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2008	2007
	£	£
Increase/(decrease) in cash in the year	996,856	(2,148,665)
Net (debt)/funds at beginning of year	(1,594,104)	554,561
Net debt at end of year	<u>(597,248)</u>	<u>(1,594,104)</u>

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

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 2008, the overall commitment was £50 million (2007 £20 million)

Operating leases

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings £	2008 Office equipment £	Land and buildings £	2007 Office equipment £
Expiry date				
- within one year	-	1,655	-	5,935
- within two to five years	72,500	-	-	687
- after five years	-	-	67,985	-
	<u>72,500</u>	<u>1,655</u>	<u>67,985</u>	<u>6,622</u>

16. DIRECTORS

	2008 £	2007 £
The emoluments of directors of the company were		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	<u>148,882</u>	<u>109,958</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>2</u>	<u>2</u>

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

Two directors exercised options in the shares of the ultimate group company, MITIE Group PLC, during the year (2007 one director).

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

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	27	19
Employment costs (including directors)	£	£
Wages and salaries	2,159,411	1,665,176
Social security costs	270,880	200,397
Other pension costs	91,907	73,885
Share-based payments (note 18)	9,299	27,457
	<u>2,531,497</u>	<u>1,966,915</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 in respect of awards prior to 26 July 2007 and 4.0% above the Retail Price per annum thereafter.

The MITIE Group PLC 2001 Savings related share option scheme

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

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

18. SHARE-BASED PAYMENTS (continued)

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

	2008		2007	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of the period ⁽¹⁾	150,754	152	167,982	144
Granted during the period	32,502	241	40,629	173
Forfeited during the period	(5,000)	130	(3,644)	136
Transferred to Group subsidiaries during the period	(46,560)	144	(17,325)	157
Exercised during the period	(6,000)	127	(36,888)	138
Outstanding at end of the period	125,696	180	150,754	152
Exercisable at end of the period	3,000	130	11,000	151

⁽¹⁾ Included within this balance are nil (2007 7,389) 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 ranged from 57p to 174p at 31 March 2007.

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

	2008 £	2007 £
2001 Executive share options	6,313	19,413
2001 Saving related share options	2,986	8,044
	9,299	27,457

The weighted average share price at the date of exercise for share options exercised during the year was 271p (2007 196p)

The options outstanding at 31 March 2008 had a weighted average exercise price of 180p (2007 152p) and a weighted average remaining contractual life of 5.94 years (2007 5.95 years)

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

18. SHARE-BASED PAYMENTS (continued)

In the year ended 31 March 2008, options were granted on 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 £11,994.

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.

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.

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 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 £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 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.

MITIE PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

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.