

Company Registration Number 03528320

MITIE PROPERTY MANAGEMENT LIMITED

Report and Financial Statements

Year ended 31 March 2013



**MITIE PROPERTY MANAGEMENT LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 March 2013

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**MITIE PROPERTY MANAGEMENT LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J Ridley  
W Robson  
R Robinson  
S Giacchino  
A Lees  
R McGregor-Smith  
S Baxter

**SECRETARY**

MITIE Company Secretarial Services Limited

**REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emersons Green  
Bristol  
BS16 7FH

**BANKERS**

HSBC Bank Plc  
62 George White Street  
Cabot Circus  
Bristol  
BS1 3BA

**AUDITOR**

Deloitte LLP  
London

## **MITIE PROPERTY MANAGEMENT LIMITED**

### **DIRECTORS' REPORT**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

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

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

#### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company provides management and administration services to certain fellow subsidiary undertakings. There have not been any significant changes in the company's activities in the year under review and the directors are not aware of any likely changes.

The company's profit and loss account reveals an increase in operating income of £304k in the year and the profit after tax has decreased by £2.9m (73%). The decrease in profit after tax is due to redundancy and other support costs incurred in the year. The balance sheet shows a decrease in net assets compared to 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**

Total dividends of £2,020,144 (2012 £109,678) were declared as follows:

Ordinary Shares: £1,010,057 per share (2012 £548,439)

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

The company relies on the relationships of associated companies and their key customers. The loss of key customers is a risk to the business which is managed by maintaining strong relationships with these customers. Group risks are discussed in the Group's annual report which does not form part of this report.

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

### **FINANCIAL RISK MANAGEMENT**

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

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

### **GOING CONCERN**

The company was profitable in the year. The directors have considered the forecast and budgeted profit and associated cash flows for the foreseeable future, being the period not less than 12 months from the date of signing of these financial statements. The directors have considered the facilities available to the entity and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it appropriate to adopt the going concern basis in the preparation of the company's financial statements.

### **PAYMENT POLICY**

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March 2013, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 9 days (2012: 11 days).

### **ENVIRONMENT**

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

### **EMPLOYEES**

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

### **DIRECTORS**

The directors during the year and to the date of this report, other than as noted, were as follows:

J Ridley

W Robson

R Robinson

S Giacchino

A Lees

R McGregor-Smith (Appointed 03 July 2012)

S Baxter (Appointed 03 July 2012)

## DIRECTORS' REPORT (continued)

### AUDITOR

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

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

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

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

Approved by the Board and signed on its behalf by



W Robson  
Director

27 June 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE PROPERTY MANAGEMENT LIMITED**

We have audited the financial statements of MITIE Property Management Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

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

### **Opinion on other matters prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

  
Judith Tacon (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

27 June 2013

**MITIE PROPERTY MANAGEMENT LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2013

	<b>Note</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>TURNOVER</b>		-	-
Cost of sales		-	-
<b>GROSS PROFIT</b>		-	-
Other operating income		11,909	11,605
Administration expense		(10,538)	(6,211)
<b>OPERATING PROFIT</b>	2	1,371	5,394
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		1,371	5,394
Interest receivable and similar income	3	157	36
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,528	5,430
Tax charge on profit on ordinary activities	5	(439)	(1,441)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	11	1,089	3,989

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

The notes on pages 10 -19 form an integral part to these financial statements



**MITIE PROPERTY MANAGEMENT LIMITED**  
**BALANCE SHEET**  
As at 31 March 2013

		2013		2012	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	6		1,046		1,285
Tangible assets	7		<u>916</u>		<u>4,277</u>
			1,962		5,562
<b>CURRENT ASSETS</b>					
Debtors					
- due within one year	8	1,020		940	
Cash at bank and in hand		<u>7,400</u>		<u>2,700</u>	
		8,420		3,640	
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(4,200)</u>		<u>(2,110)</u>	
<b>NET CURRENT ASSETS</b>			<u>4,220</u>		<u>1,530</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,182		7,092
<b>NET ASSETS</b>			<u>6,182</u>		<u>7,092</u>
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	10		-		-
Profit and loss account	11		6,182		7,092
<b>SHAREHOLDERS' FUNDS</b>	12		<u>6,182</u>		<u>7,092</u>

The financial statements of MITIE Property Management Limited, company registered number 03528320, were approved by the board and authorised for issue on 27 June 2013



W Robson  
Director

## **MITIE PROPERTY MANAGEMENT LIMITED**

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

Year ended 31 March 2013

#### **1 ACCOUNTING POLICIES**

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

##### **Accounting convention**

The accounts are prepared under the historical cost convention.

##### **Going concern**

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

##### **Intangible assets**

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is between 5 and 7 years. Provision is made for any impairment.

##### **Tangible fixed assets and depreciation**

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

Office Equipment 3 to 10 years

Motor Vehicles 4 years

Short Leasehold 3 to 10 years

##### **Operating leases**

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

##### **Taxation**

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

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

## **MITIE PROPERTY MANAGEMENT LIMITED**

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

Year ended 31 March 2013

#### **ACCOUNTING POLICY DISCLOSURE (continued)**

##### **Pension costs**

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

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

Where the company can separately identify its share of the underlying assets and liabilities of any defined benefit schemes to which it contributes, the company accounts for these schemes as required by FRS 17 with the cost of providing benefits determined using the Projected Unit Credit Method, based on actuarial valuations carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Where the scheme is fully funded no asset or liability is recognised in the balance sheet.

##### **Share-based payments**

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

##### **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.

##### **Operating income**

Operating income represents management charges receivable from other group companies. Operating income from the supply of management services represents the value of services provided to the extent that there is a right to consideration and is recorded at the value of the consideration due.

# MITIE PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 2. OPERATING PROFIT

	2013 £'000	2012 £'000
<b>Operating Profit is stated after charging/(crediting)</b>		
Profit on disposal of fixed assets	(158)	(121)
Depreciation of tangible fixed assets owned	1,322	1,393
Redundancy costs	144	-
Operating lease rentals other	30	-
Fees payable to the company's auditor for the audit of the company's annual accounts	10	8

The company has taken the exemption available to it not to disclose separately information about fees for non-audit services provided to the company as this information is available in the consolidated financial statements of MITIE Group PLC

### 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Bank interest	157	36
	<u>157</u>	<u>36</u>

### 4 DIVIDENDS

The dividends approved and paid in the year are as follows

	2013 £'000	2012 £'000
Ordinary Shares	2,020	1,097
	<u>2,020</u>	<u>1,097</u>

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 24% (2012 26%)	509	1,399
Adjustment in respect of prior years	20	-
Total current tax (Note 5(b))	<u>529</u>	<u>1,399</u>
Deferred taxation		
Timing differences - origination and reversal	(127)	11
Adjustment in respect of prior years	37	31
Tax on profit on ordinary activities	<u>439</u>	<u>1,441</u>

# MITIE PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

#### (b) Factors affecting tax charge in the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	1,528	5,430
	£'000	£'000
Tax at 24% (2012 26%) thereon	367	1,412
Expenses not deductible for tax purposes	2	16
Differences between capital allowances and depreciation	140	(22)
Relief in respect of employee share options	(23)	(20)
Other timing differences	5	13
Impact of change in tax rate	18	-
Adjustments to tax charge in respect of prior periods	20	-
<b>Current tax charge for the year (Note 5(a))</b>	<b>529</b>	<b>1,399</b>

The UK Government announced a reduction in the UK corporation tax rate from 24% to 23% from 1 April 2013, which was substantively enacted on 26 March 2013. The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those assets are expected to reverse has not had a material impact on the current year tax charge. The UK Government has indicated that it intends to enact further reductions in the main tax rate of 1% each year down to 20% by 1 April 2015. Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time.

The deferred tax balance comprises the following	£'000	£'000
Depreciation in excess of capital allowances	400	274
Share-based payment timing difference	7	21
Other timing differences	3	43
	<b>410</b>	<b>338</b>
	£'000	£'000

Amount (credited)/charged to the profit and loss account in the year in relation to deferred tax

	(90)	42
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# MITIE PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 6 INTANGIBLE FIXED ASSETS

	Development expenditure £'000
<b>Cost</b>	
At 1 April 2012	1,285
<b>At 31 March 2013</b>	<u>1,285</u>
<b>Amortisation</b>	
At 1 April 2012	-
Charge for the year	239
<b>At 31 March 2013</b>	<u>239</u>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<u>1,046</u>
At 31 March 2012	<u>1,285</u>

### 7 TANGIBLE FIXED ASSETS

	Office Equipment £'000	Motor Vehicles £'000	Short Leasehold £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2012	681	9,787	48	10,516
Additions	254	2,590	-	2,844
Disposals	-	(9,007)	-	(9,007)
Transfers in from group companies	-	29	-	29
<b>At 31 March 2013</b>	<u>935</u>	<u>3,399</u>	<u>48</u>	<u>4,382</u>
<b>Depreciation</b>				
At 1 April 2012	252	5,963	24	6,239
Charge for the year	109	1,204	9	1,322
Disposals	-	(4,102)	-	(4,102)
Transfers in from group companies	-	7	-	7
<b>At 31 March 2013</b>	<u>361</u>	<u>3,072</u>	<u>33</u>	<u>3,466</u>
<b>Net book value</b>				
<b>At 31 March 2013</b>	<u>574</u>	<u>327</u>	<u>15</u>	<u>916</u>
At 31 March 2012	<u>429</u>	<u>3,824</u>	<u>24</u>	<u>4,277</u>

### 8 DEBTORS

	2013 £'000	2012 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	-	477
Amounts due by Group undertakings	31	43
Other debtors	228	52
Prepayments and accrued income	351	30
Deferred tax asset	410	338
	<u>1,020</u>	<u>940</u>

**MITIE PROPERTY MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2013

**9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	80	141
Amounts owed to Group undertakings	2,211	48
Corporation tax	111	983
Other taxation and social security	1,220	411
Other creditors	18	19
Accruals and deferred income	560	508
	<u>4,200</u>	<u>2,110</u>

**10 CALLED UP SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid share capital</b>		
2 £1 Ordinary Shares	-	-
	<u>-</u>	<u>-</u>

**11 RESERVES**

	<b>Profit and loss account £'000</b>
<b>At 1 April 2012</b>	7,092
Profit for the financial year	1,089
Dividends	(2,020)
Capital contribution relating to share-based payments	21
<b>At 31 March 2013</b>	<u>6,182</u>

**12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	1,089	3,989
Dividends paid on equity shares	(2,020)	(1,097)
Capital contribution relating to share-based payments	21	51
<b>(Net reduction in)/addition to shareholders' funds</b>	<u>(910)</u>	<u>2,943</u>
Opening shareholders' funds	7,092	4,149
<b>Closing shareholders' funds</b>	<u>6,182</u>	<u>7,092</u>

# MITIE PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

### 13 FINANCIAL COMMITMENTS

The company had no commitments in respect of operating leases at the end of the current or prior year

#### Capital commitments

The company did not have any outstanding capital commitments that were not provided for at the end of the current or prior year

#### Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each others' bank overdrafts and loans

	2013 £'000	2012 £'000
Overall commitment	290,200	157,300

### 14 DIRECTORS

	2013 £'000	2012 £'000
<b>The emoluments of the directors of the company were</b>		
- Aggregate emoluments	497	370
- Aggregate value of contributions paid to a money purchase pension scheme	34	16
	<u>531</u>	<u>386</u>

	2013 No	2012 No
The number of directors who were members of a defined benefit pension scheme	1	1
were members of a defined contribution pension scheme	2	3
exercised share options in the year	<u>-</u>	<u>-</u>

	2013 £'000	2012 £'000
<b>Highest paid director</b>		
- Aggregate emoluments	168	155
- Aggregate value of contributions paid to a money purchase pension scheme	21	-
	<u>189</u>	<u>155</u>

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

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

Director	Remunerated by
W Robson	MITIE Group PLC
R McGregor-Smith	MITIE Group PLC
S Baxter	MITIE Group PLC



## MITIE PROPERTY MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

#### 15 EMPLOYEES

##### Average employee numbers

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

	2013 No	2012 No
Administration	96	93
	<u>96</u>	<u>93</u>
<b>Employment cost</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,144	3,136
Social security costs	647	516
Other pension costs	345	326
Share-based payments	21	51
	<u>7,157</u>	<u>4,029</u>

#### 16 SHARE-BASED PAYMENTS

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

##### The MITIE Group PLC 2001 Executive share option scheme

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

##### The MITIE Group PLC 2001 Savings Related share option scheme

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

**MITIE PROPERTY MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2013

**16 SHARE BASED PAYMENTS (continued)**

**The MITIE Group PLC Long Term Incentive Plan (LTIP)**

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

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

	<b>2013</b>		<b>2012</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price (in p)</b>	<b>Number of share options</b>	<b>Weighted average exercise price (in p)</b>
Outstanding at beginning of the year	512,870	170	345,044	176
Granted during the year	167,018	121	244,845	163
Forfeited during the year	(64,287)	219	(15,361)	251
Transferred (to)/from Group subsidiaries during the year	50,589	13	34,595	197
Exercised during the year	(115,438)	188	(96,253)	172
<b>Outstanding at end of the year</b>	<b>550,752</b>	<b>131</b>	<b>512,870</b>	<b>170</b>
<b>Exercisable at end of year</b>	<b>33,600</b>	<b>180</b>	<b>52,385</b>	<b>228</b>

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

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
2001 Executive share options	(6)	37
2001 Savings Related share options	4	6
Long-term incentive plan scheme (LTIP)	23	8
	<b>21</b>	<b>51</b>

	<b>2013</b>	<b>2012</b>
The weighted average share price at the date of exercise for share options exercised during the year was (p)	272	252
The options outstanding at the year-end had a weighted average price of (p)	131	170
The options outstanding at the year-end had a weighted average remaining contractual life of (years)	5	6

## MITIE PROPERTY MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

#### 16 SHARE BASED PAYMENTS (continued)

The company granted options in the period as detailed below

Share scheme	Fair value £'000
Executive Share Option Scheme	25
Long-term incentive plan scheme	163
Savings Related Share Options	12

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

	2013	2012
Share price (p)	198-274	191-243
Exercise price (p)	0-254	0-254
Expected volatility (%)	32-35	28-36
Expected life (years)	3-5	3-6
Risk-free rate (%)	0.55-2.42	1.48-5.25
Expected dividends (%)	3.3-4.10	2.22-4.10

#### 17 PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 35 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £29.7 million (2012 deficit of £17.2 million).

Employer contributions to the scheme for the period are shown in note 15. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2012 18.5%).

#### 18 RELATED PARTY TRANSACTIONS

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

#### 19 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

MITIE Group PLC is the largest and smallest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.