

Company Registration Number 3573265

MITIE AIR CONDITIONING (LONDON) LIMITED

Report and Financial Statements

31 March 2009

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MITIE AIR CONDITIONING (LONDON) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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MITIE AIR CONDITIONING (LONDON) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Baxter
R McGregor-Smith
M A Tivey
R M Stokes

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 LLP
Bristol

MITIE AIR CONDITIONING (LONDON) LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2009.

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 the installation and maintenance of air conditioning systems in commercial, industrial and domestic premises.

The company made a decision in the year not to enter into any new contracts and transferred its trade and assets to MITIE Technology & Infrastructure Limited on 30 September 2009. As a result, the company's financial statements have been prepared on a basis other than that of a going concern (note 1).

As a result of this decision, as shown in the company's profit and loss account on page 6 the company's sales have decreased by 92% over the prior year. The company made a loss after tax in the year of £417,866 whereas in the prior year a loss after tax of £303,167.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has deteriorated from the prior year. At the year end, the company had net liabilities of £256,936 (2008: assets of £160,930)

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

MITIE AIR CONDITIONING (LONDON) LIMITED

DIRECTORS' REPORT (continued)

GOING CONCERN

The company made a decision in the year not to enter into any new contracts, and transferred its trade and assets to MITIE Technology & Infrastructure Limited on 30 September 2009. As a result, the company's financial statements have been prepared on a basis other than that of a going concern (note 1).

DIVIDENDS

Dividends of nil (2008: 8.8p) per 'A' ordinary share and nil (2008: 8p) per 'B' ordinary share were approved and paid during the year.

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.

FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the company. They 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 2009, trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 145 days (2008: 91 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.

MITIE AIR CONDITIONING (LONDON) LIMITED

DIRECTORS' REPORT (continued)

EMPLOYEES

The company offered 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

The directors during the year and subsequently were as follows:

S C Baxter
R McGregor-Smith
R M Stokes
M A Tivey

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.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP.

A resolution to reappoint Deloitte LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

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



S C Baxter
Director

17 December 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE AIR CONDITIONING (LONDON) LIMITED

We have audited the financial statements of MITIE Air Conditioning (London) Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

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

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

DeLoitte LLP

DELOITTE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

17 December 2009

MITIE AIR CONDITIONING (LONDON) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2009

	Note	Continuing operations 2009 £	2008 £
TURNOVER	1	355,950	4,615,701
Cost of sales		(667,130)	(3,768,721)
GROSS (LOSS)/PROFIT		(311,180)	846,980
Administrative expenses		(241,549)	(1,263,222)
OPERATING LOSS	2	(552,729)	(416,242)
Interest payable and similar charges	3	(20,287)	(57)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(573,016)	(416,299)
Tax credit on loss on ordinary activities	4	155,150	113,132
LOSS FOR THE FINANCIAL YEAR	11	(417,866)	(303,167)

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

MITIE AIR CONDITIONING (LONDON) LIMITED

BALANCE SHEET At 31 March 2009

	Note	£	2009	£	£	2008	£
FIXED ASSETS							
Tangible assets	6			-		73,989	
CURRENT ASSETS							
Stocks	7		-		150,939		
Debtors	8	690,305			1,389,951		
			690,305		1,540,890		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(947,241)			(1,453,949)		
NET CURRENT (LIABILITIES)/ASSETS			(256,936)			86,941	
NET (LIABILITIES)/ASSETS			(256,936)			160,930	
SHARE CAPITAL AND RESERVES							
Called up share capital	10		80,000			80,000	
Profit and loss account	11		(336,936)			80,930	
SHAREHOLDERS' (DEFICIT)/FUNDS	12		(256,936)			160,930	

These financial statements were approved by the Board of Directors on 17 December 2009

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

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.

Basis of preparation and going concern

As explained in the directors' report, the company has transferred its trade and assets to a MITIE Technology & Infrastructure Limited at book value on 30 September 2009. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied and contract work completed in the year. All turnover arises within the United Kingdom, from the company's principal activity.

Tangible fixed assets and depreciation

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

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

Leasing and hire purchase commitments

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

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

1. ACCOUNTING POLICIES (continued)

Tax

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

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

Pension costs

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

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

Share-based payments

The company participates in a number of MITIE Group PLC executive and employee share option schemes. As part of this, the company's parent issues equity-settled share-based payments to certain employees. 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.

2. OPERATING LOSS

	2009 £	2008 £
Operating loss is stated after charging/(crediting):		
Depreciation on owned assets	-	50,152
Auditors' remuneration - audit services	3,000	3,169
Profit on disposal of tangible fixed assets	(1,000)	(10,175)
Operating lease rentals - land and buildings	-	45,675
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MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

3. INTEREST

	2009	2008
	£	£
Interest payable and similar charges		
Bank interest	20,287	57

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2009	2008
	£	£
(a) Analysis of credit in year		
United Kingdom corporation tax at 28% (2008: 30%)	(162,504)	(118,736)
Adjustment in respect of prior years	5,696	(135)
Total current tax (note 4(b))	(156,808)	(118,871)
Deferred taxation:		
Timing differences - origination and reversal	2,044	5,487
Decrease in tax rate	-	118
Adjustments in respect of prior years	(386)	134
Tax credit on loss on ordinary activities	(155,150)	(113,132)

(b) Factors affecting tax credit in year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are as follows:

	£	£
Loss on ordinary activities before tax	(573,016)	(416,299)
	£	£
Tax at 28% (2008: 30%) thereon	(160,445)	(124,890)
Expenses not deductible for tax purposes	-	5,433
Depreciation (less than)/in excess of capital allowances	(2,059)	1,283
Relief in respect of employee share options	-	186
Other timing differences	-	(748)
Adjustment in respect of prior years	5,696	(135)
Current tax credit for the year (note 4(a))	(156,808)	(118,871)

(c) Factors affecting future tax charges

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

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

5. DIVIDENDS

The dividends approved and paid in the year are as follows:

	2009 £	2008 £
Nil p (2008: 8.8p) per share on £1 'A' ordinary shares	-	36,068
Nil p (2008: 8p) per share on £1 'B' ordinary shares	-	3,136
	<u>-</u>	<u>39,204</u>

6. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Plant and equipment £	Total £
Cost				
At 1 April 2008	150,202	78,701	579	229,482
Disposals	(150,202)	(78,701)	(579)	(229,482)
At 31 March 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation				
At 1 April 2008	90,213	64,701	579	155,493
Disposals	(90,213)	(64,701)	(579)	(155,493)
At 31 March 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At 31 March 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2008	<u>59,989</u>	<u>14,000</u>	<u>-</u>	<u>73,989</u>

Capital commitments

At March 2009 the directors had no authorised capital expenditure (2008: nil).

7. STOCKS

	2009 £	2008 £
Work in progress	<u>-</u>	<u>150,939</u>

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

8. DEBTORS	2009 £	2008 £
Trade debtors	442,376	1,217,337
Amounts owed by group undertakings	91,165	98,270
Corporation tax recoverable	133,437	50,821
Deferred tax asset	-	1,658
Other debtors	23,327	21,865
	<u>690,305</u>	<u>1,389,951</u>

No deferred tax asset has been recognised at 31 March 2009 (2008: £1,658). This asset relates to depreciation in excess of capital allowances, timing differences relating to share-based payments and other short-term timing differences. The directors are of the opinion that suitable profits will be available in the period in future periods which these differences will reverse. The amount charged to the profit and loss account in the year was £1,658 (2008: £5,739).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2009 £	2008 £
Bank overdraft	477,688	218,802
Trade creditors	244,020	1,031,420
Amounts owed to group undertakings	214,066	185,204
Other taxes and social security costs	273	-
Other creditors	7,766	13,802
Accruals and deferred income	3,428	4,721
	<u>947,241</u>	<u>1,453,949</u>

10. CALLED UP SHARE CAPITAL	2009 £	2008 £
Authorised		
127,500 £1 'A' ordinary shares	127,500	127,500
122,500 £1 'B' ordinary shares	122,500	122,500
	<u>250,000</u>	<u>250,000</u>
	£	£
Allotted, called up and fully paid		
40,800 £1 'A' ordinary shares	40,800	40,800
39,200 £1 'B' ordinary shares	39,200	39,200
	<u>80,000</u>	<u>80,000</u>

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

11. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2008	80,930
Loss for the financial year	(417,866)
	<u> </u>
At 31 March 2009	<u>(336,936)</u>

In the prior year the capital contribution from MITIE Group PLC was presented in a separate reserve; in the current year it is presented as part of the profit and loss account reserve.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2009 £	2008 £
Loss for the financial year	(417,866)	(303,167)
Dividends (note 5)	-	(39,204)
Capital contribution	-	276
	<u> </u>	<u> </u>
Net reduction to shareholders' (deficit)/funds	(417,866)	(342,095)
Opening shareholders' funds	160,930	503,025
	<u> </u>	<u> </u>
Closing shareholders' (deficit)/funds	<u>(256,936)</u>	<u>160,930</u>

13. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2009 and 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

Land and buildings	2009 £	2008 £
Expiry date less than one year	-	45,675
	<u> </u>	<u> </u>

Performance bonds

The company had outstanding performance bonds at 31 March as follows:

	£	£
Performance bonds	-	18,002
	<u> </u>	<u> </u>

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

14. DIRECTORS

	2009 £	2008 £
The emoluments of the directors of the company were:		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	-	72,902
	<u>No.</u>	<u>No.</u>
The number of directors who were members of a defined benefit pension scheme	-	1

S C Baxter and R McGregor-Smith are directors of MITIE Group PLC. All disclosures relating to their emoluments, pension details and share options are disclosed in the Group accounts. It is not practicable to allocate their remuneration between their services as directors of MITIE Air Conditioning (London) Limited and their services as directors of other Group companies. S C Baxter and R McGregor-Smith are remunerated by MITIE Group PLC for their services to the group as a whole, M A Tivey and R M Stokes are remunerated by MITIE Engineering Services Limited for their services to the Group as a whole.

No directors exercised options in the shares of the ultimate group company, MITIE Group PLC, during the period (2008: no directors).

15. EMPLOYEES

Number of employees

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

	2009 No.	2008 No.
Administration and management	-	16
Employment costs	£	£
Wages and salaries	-	661,005
Social security costs	-	80,271
Pension costs	-	14,751
Share-based payments (see note 16)	-	276
	<u>-</u>	<u>756,303</u>

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

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 is open to all employees. The exercise price is equal to the market value of the shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the Group. Before options can be exercised, the performance condition that must be satisfied is that the percentage growth in the earnings per share over a three year period must be equal or greater than 10.0% per annum compound in respect of awards prior to 26 July 2007 and 4.0% above the Retail Price per annum thereafter.

The MITIE Group PLC 2001 Savings related share option scheme

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

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

	2009		2008	
	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	-	-	6,654	163
Transferred to Group subsidiaries during the period	-	-	(6,654)	(163)
Outstanding at end of the period	-	-	-	-
Exercisable at end of the period	-	-	-	-

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

	2009 £	2008 £
2001 Executive share options	-	(249)
2001 Savings related share options	-	525
	-	276

No share options were exercised during the current or previous period.

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

16. SHARE-BASED PAYMENTS (continued)

In the year ended 31 March 2008, the Executive and Savings related share option schemes were transferred to a Group subsidiary.

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

	2009	2008
Share price (p)	133 to 230	133 to 230
Exercise price (p)	120 to 254	120 to 254
Expected volatility (%)	27 to 30	27 to 30
Expected life (years)	4 to 6	4 to 5
Risk-free rate (%)	4.17 to 5.25	4.17 to 5.25
Expected dividends (%)	1.43 to 3.15	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.

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 34 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension surplus of £3.0 million (2008: £9.9 million).

Contributions to the scheme for the period are shown in note 15 and the agreed contribution rate for the next 12 months is 10% (2008: 10%) and 7.5% (2008: 7.5%) for the Group and employees respectively.

18. RELATED PARTY TRANSACTIONS

As a 100% owned subsidiary of MITIE Group PLC, MITIE Air Conditioning (London) Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the Group.

19. 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. The immediate controlling party is MITIE Asset Management Limited (formerly MITIE Engineering Holdings Limited). MITIE Group PLC is the largest group and MITIE Asset Management Limited (formerly MITIE Engineering Holdings Limited) the 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.

MITIE AIR CONDITIONING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

20. POST BALANCE SHEET EVENT

On 30 September 2009 the company transferred its trade and assets to MITIE Technology & Infrastructure Limited.