

Company Registration Number 3629791

MITIE ENERGY LIMITED

Report and Financial Statements

31 March 2009

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MITIE ENERGY LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

CONTENTS

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

MITIE ENERGY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C Aldred
G Allen
S C Baxter
P Burnett
M Denham
R McGregor-Smith
S Newman
M Tivey

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 ENERGY 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 ultimately a wholly owned subsidiary of MITIE Group PLC (the 'Group'). The company provides the design, supply, installation and maintenance of air conditioning systems in commercial, industrial and domestic premises. 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.

On 1 April 2008 the company acquired the trade and assets of MITIE Scientific Projects Limited. Total net liabilities acquired were £1,436,105.

As shown in the company's profit and loss account on page 6, the company's sales have increased by 202% over the prior year. Profit before tax decreased by 21%.

The balance sheet on page 7 of the financial statements shows that the company has net assets as at the year end of £424,370.

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.

GOING CONCERN REVIEW

The company was profitable in the year; the directors have considered the forecast/budgeted profit and associated cash flows. The directors have considered the facilities available to the entity (through the Group), and believe that the company can continue to operate within the facilities available for the period of the cash flow forecast.

MITIE ENERGY LIMITED

DIRECTORS' REPORT (continued)

DIVIDENDS

A dividend of £14.41 (2008: £1.68) per 'A' ordinary share and £14.41 (2008: £1.68) per 'B' ordinary share for the year ended 31 March 2009 was 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 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. 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 66 days' trading (2008: 105 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 ENERGY LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors during the year and subsequently were as follows:

C Aldred	(appointed 18 August 2008)
G Allen	
P Burnett	(appointed 18 August 2008)
S C Baxter	
M Denham	(appointed 18 August 2008)
R McGregor-Smith	
S Newman	(appointed 18 August 2008)
M Tivey	(appointed 18 August 2008)
G D Turton	(resigned 1 May 2008)

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.

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 LLP are deemed to continue as auditors.

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



S C Baxter
Director

11 August 2009

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MITIE ENERGY LIMITED**

We have audited the financial statements of MITIE Energy Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. 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 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 LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

11 August 2009

MITIE ENERGY LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2009

	Note	Continuing operations	
		2009	2008
		£	£
TURNOVER	1	14,762,958	4,891,132
Cost of sales		(10,999,252)	(3,501,429)
GROSS PROFIT		3,763,706	1,389,703
Administrative expenses		(3,369,720)	(993,047)
OPERATING PROFIT	2	393,986	396,656
Interest received and similar income	3	14,242	22,683
Interest paid and similar charges	4	(75,071)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		333,157	419,339
Tax on profit on ordinary activities	5	(6,747)	(116,979)
PROFIT FOR THE FINANCIAL YEAR	15	326,410	302,360

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 ENERGY LIMITED

BALANCE SHEET At 31 March 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Intangible assets	7		3,588,649		3,777,551
Tangible assets	8		335,405		355,152
			<u>3,924,054</u>		<u>4,132,703</u>
CURRENT ASSETS					
Stocks	10	181,091		26,056	
Debtors	11	6,161,287		4,612,668	
Cash at bank and in hand		-		671,189	
			<u>6,342,378</u>	<u>5,309,913</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(9,842,062)		(8,117,481)	
NET CURRENT LIABILITIES			<u>(3,499,684)</u>		<u>(2,807,568)</u>
NET ASSETS			<u>424,370</u>		<u>1,325,135</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	13		66,254		66,254
Share premium account	14		19,800		19,800
Profit and loss account	15		338,316		1,239,081
SHAREHOLDERS' FUNDS	16		<u>424,370</u>		<u>1,325,135</u>

These financial statements were approved by the Board of Directors on 11 August 2009

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE ENERGY 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.

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:

Short leasehold	5 years
Motor vehicles	4 years
Plant and office equipment	3 to 10 years

Leases

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. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

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

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.

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

1. ACCOUNTING POLICIES (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 contributions schemes the amount charged to the profit and loss account is the contributions payable in the year.

Goodwill

Goodwill represent the excess of the cost of acquisition being the open market value in accordance with the intra group assets acquisition agreement over the fair value of the identifiable assets and liabilities. Goodwill is initially recognised as an asset at cost and is subsequently amortised over 20 years on a straight-line basis.

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.

Going concern

The financial statements have been prepared under the going concern basis as discussed on page 2.

2. OPERATING PROFIT

	2009	2008
Operating profit is stated after charging/(crediting):	£	£
Amortisation of goodwill	188,902	517
Depreciation on owned assets	143,631	24,915
Depreciation on leased assets	13,319	3,261
Auditors' remuneration - audit services	11,880	3,960
Profit on disposal of tangible fixed assets	(23,451)	-

3. INTEREST RECEIVED AND SIMILAR INCOME

	2009	2008
	£	£
Bank interest	14,242	22,683

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

4. INTEREST PAID AND SIMILAR CHARGES	2009	2008
	£	£
Interest payable to related parties	74,657	-
Finance lease interest	414	-
	<u>75,071</u>	<u>-</u>
 5. TAX ON PROFIT ON ORDINARY ACTIVITIES	 2009	 2008
	£	£
(a) Analysis of charge in year		
United Kingdom corporation tax at 28% (2008: 30%)	161,501	131,763
Adjustment in respect of prior years	(559)	(185)
Total current tax (note 5(b))	<u>160,942</u>	<u>131,578</u>
Deferred taxation:		
Timing differences - origination and reversal	(165,551)	(15,845)
Adjustment in respect of prior years	11,356	185
Decrease in tax rate	-	1,061
Tax on profit on ordinary activities	<u>6,747</u>	<u>116,979</u>
 (b) Factors affecting tax charge in year		
The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are as follows:		
	£	£
Profit on ordinary activities before tax	<u>333,157</u>	<u>419,339</u>
	£	£
Tax at 28% (2008: 30%) thereon	93,284	125,802
Expenses not deductible for tax purposes	57,915	5,151
Difference between capital allowances and depreciation	9,379	1,877
Relief in respect of employee share option	916	442
Other timing differences	7	(1,509)
Adjustment in respect of prior years	(559)	(185)
Current tax charge for the year (note 5(a))	<u>160,942</u>	<u>131,578</u>

(c) Factors affecting future tax charges

The directors are not aware of any factors which are expected to materially impact the company's future taxation charge.

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

6. DIVIDENDS

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

	2009 £	2008 £
£14.41 (2008: £1.68) per share on 1p 'A' ordinary shares	627,758	72,921
£14.41 (2008: £1.68) per share on 1p 'B' ordinary shares	603,140	70,061
	<u>1,230,898</u>	<u>142,982</u>

7. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 April 2008 and 31 March 2009	<u>3,778,068</u>
Amortisation	
At 1 April 2008	517
Amortisation for the period	<u>188,902</u>
At 31 March 2009	<u>189,419</u>
Net book value	
At 31 March 2009	<u>3,588,649</u>
At 31 March 2008	<u>3,777,551</u>

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

8. TANGIBLE FIXED ASSETS

	Short leasehold £	Motor vehicles £	Plant and office equipment £	Total £
Cost				
At 1 April 2008	38,868	461,734	202,744	703,346
Additions	-	131,708	51,253	182,961
Transfers	-	(11,213)	156	(11,057)
Disposals	-	(179,978)	-	(179,978)
At 31 March 2009	38,868	402,251	254,153	695,272
Depreciation				
At 1 April 2008	9,069	221,115	118,010	348,194
Charge for the year	7,774	109,191	39,985	156,950
Transfers	-	3,186	156	3,342
Disposals	-	(148,619)	-	(148,619)
At 31 March 2009	16,843	184,873	158,151	359,867
Net book value				
At 31 March 2009	22,025	217,378	96,002	335,405
At 31 March 2008	29,799	240,619	84,734	355,152

Included in Motor vehicles are assets held under finance lease with a net book value of £82,323 (2008: £22,824).

Capital commitments

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

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

9. ACQUISITIONS

On 1 April 2008 the company acquired the trade and assets of MITIE Scientific Projects Limited under a formal transfer of going concern arrangement. The fair value of the total consideration was (£1,436,105). The following table sets out the book values of the identifiable assets and liabilities acquired.

Acquisitions are accounted for under the acquisition method.

The book value of the assets acquired equate to their fair value.

	£
Net assets acquired	
Debtors	9,225
Overdraft	(1,409,522)
Creditors	(35,808)
	<u>(1,436,105)</u>
	£
Satisfied by intercompany debtor	<u>(1,436,105)</u>
Goodwill recognised on acquisition	<u>-</u>

10. STOCKS	2009 £	2008 £
Work in progress	<u>181,091</u>	<u>26,056</u>

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

11. DEBTORS	2009	2008
	£	£
Trade debtors	1,837,082	2,699,429
Amounts recoverable on contracts	646,698	316,818
Amounts owed by group undertakings	2,826,147	1,460,596
Other debtors	562,150	107,702
Deferred tax asset	168,717	14,522
Prepayments and accrued income	120,493	13,601
	<u>6,161,287</u>	<u>4,612,668</u>
 Movement on deferred tax balances in the period	 2009	 2008
	£	£
Opening debtor/(creditor)	14,522	(77)
Credit to the profit and loss account	154,195	14,599
	<u>168,717</u>	<u>14,522</u>
 Analysis of deferred tax asset	 2009	 2008
	£	£
Depreciation in excess of capital allowances	12,414	14,522
Short term timing differences	79	-
Share schemes relief	79	-
Tax losses	156,145	-
	<u>168,717</u>	<u>14,522</u>
 The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse.		
12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2009	2008
	£	£
Bank overdraft	155,531	-
Payments on account	-	93,136
Trade creditors	2,119,615	2,239,094
Amounts owed to group undertakings	7,320,334	5,279,867
Other creditors	32,253	95,195
Corporation tax	44,996	185,752
Other taxes and social security costs	40,955	56,935
Accruals and deferred income	128,378	167,502
	<u>9,842,062</u>	<u>8,117,481</u>

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

13. CALLED UP SHARE CAPITAL	2009 £	2008 £
Authorised		
100,000 £1 Deferred shares	100,000	100,000
51,000 1p 'A' ordinary shares	510	510
49,000 1p 'B' ordinary shares	490	490
	<u>101,000</u>	<u>101,000</u>
	£	£
Allotted, called up and fully paid		
65,400 £1 Deferred shares	65,400	65,400
43,554 1p 'A' ordinary shares	436	436
41,846 1p 'B' ordinary shares	418	418
	<u>66,254</u>	<u>66,254</u>

The deferred shares carry no rights except on a return of capital where, after payment of all the company's liabilities, the holders of the deferred shares would be entitled to the par value (together with any premium paid on subscription).

14. SHARE PREMIUM ACCOUNT	2009 £	2008 £
Share premium account	<u>19,800</u>	<u>19,800</u>
15. PROFIT AND LOSS ACCOUNT	£	
At 1 April 2008	1,239,081	
Profit for the financial year	326,410	
Dividends	(1,230,898)	
Capital contribution	3,723	
At 31 March 2009	<u>338,316</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.

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009 £	2008 £
Profit for the financial year	326,410	302,360
Dividends (note 6)	(1,230,898)	(142,982)
Capital contribution	3,723	(2,470)
Net (reduction)/addition to shareholders' funds	(900,765)	156,908
Opening shareholders' funds	1,325,135	1,168,227
Closing shareholders' funds	424,370	1,325,135

17. FINANCIAL COMMITMENTS

Operating leases

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

	2009 £	2008 £
Land and buildings		
Expiry date:		
- between two and five years	17,250	-

18. DIRECTORS

	2009 £	2008 £
The emoluments of the directors of the company were: -		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	346,936	99,775
	No.	No.
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 Energy 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 G Allen are remunerated by MITIE Engineering Services Limited

M A Tivey and G Allen are directors of MITIE Engineering Services Limited and their emoluments and pension details are disclosed in the accounts of MITIE Engineering Services Limited.

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

19. 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	76	21
Employment costs (including directors)	£	£
Wages and salaries	1,888,784	705,970
Social security costs	209,720	75,182
Pension costs	99,091	27,976
Share-based payment expense (see note 20)	3,723	(2,470)
	2,201,318	806,658

20. SHARE-BASED PAYMENTS

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

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 above the Retail Price Index per annum compound growth in earnings per share over a three-year period.

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, 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 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. 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 ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

20. SHARE-BASED PAYMENTS (continued)

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	-	-	16,011	143
Granted during the period	7,778	190	-	-
Transferred during the period	8,832	203	(16,011)	143
Outstanding at end of the period	16,610	197	-	-
Exercisable at end of the period	-	-	-	-

In the year ended 31 March 2009, options were granted in July 2008 and September 2008 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 £2,554.

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

	2009 £	2008 £
2001 Executive share options	(25)	155
2001 Saving related share options	3,748	(2,625)
	3,723	(2,470)
	2009	2008
Share price (p)	133-230	133 to 230
Exercise price (p)	120-254	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.

MITIE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

21. 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 MITIE Group PLC sets out the details of the International Accounting Standard 19 'Employee Benefits' pension surplus of £3.0 million (2008: £9.9 million).

Total employer and employee contributions to the scheme for the period are shown in note 19 and the agreed contribution rate for the next 12 months is 17.5% (2008: 17.5%).

22. RELATED PARTY TRANSACTIONS

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

23. 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.