

Company Registration Number 03629791

**MITIE ENERGY LIMITED**

**Report and Financial Statements**

**31 March 2010**

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# **MITIE ENERGY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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## **MITIE ENERGY LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

G Allen  
S C Baxter  
R McGregor-Smith

#### **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

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants  
London  
EC4A 3BZ

## **MITIE ENERGY LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 March 2010

### **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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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; however, the renewable energy elements of the business have been transferred to another MITIE company, enabling the company to focus on its core competencies. This change in strategy is planned to bring the company back into profit.

As shown in the company's profit and loss account on page 6, the company's sales have decreased by 17% over the prior year as a consequence of the economic downturn. A loss was reported for the year, compared with a profit in the prior year.

The balance sheet on page 7 of the financial statements shows that the company had net assets as at the year end of £287,044 (2009: £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.

## **MITIE ENERGY LIMITED**

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

#### **GOING CONCERN REVIEW**

The company made a loss in the year. The directors have considered the forecast/budgeted profit and associated cash flows for the 12 month period from the date of signing the financial statements. 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.

#### **DIVIDENDS**

A dividend of £nil (2009 £14.41) per 'A' ordinary share and £nil (2009 £14.41) per 'B' ordinary share for the year ended 31 March 2010 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 2010 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 77 days trading (2009 66 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	(resigned 8 December 2009)
G Allen	
P Burnett	(resigned 1 April 2010)
S C Baxter	
M Denham	(resigned 20 January 2010)
R McGregor-Smith	
S Newman	(resigned 3 March 2010)
M Tivey	(resigned 19 April 2010)

#### 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 s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

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



S C Baxter  
Director

14 December 2010

## **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 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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 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**

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 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 (APB'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.

### **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 2010 and of its loss 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.

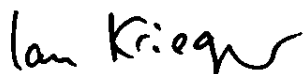
### **Opinion on other matter prescribed by the Companies Act 2006**

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.



**Ian Krieger (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

16 December 2010

# MITIE ENERGY LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2010

	Note	2010 £	2009 £
<b>TURNOVER</b>	1	12,277,283	14,762,958
Cost of sales		(9,329,800)	(10,999,252)
<b>GROSS PROFIT</b>		2,947,483	3,763,706
Administrative expenses		(3,023,017)	(3,369,720)
<b>OPERATING (LOSS)/PROFIT</b>	2	(75,534)	393 986
Interest receivable and similar income	3	-	14,242
Interest payable and similar charges	3	(36,984)	(75 071)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(112,518)	333 157
Tax on (loss)/profit on ordinary activities	4	(22,984)	(6,747)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	14	(135,502)	326,410

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

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 2010

	Note	2010		2009	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	6		3,399,745		3,588,649
Tangible assets	7		320,079		335,405
			<u>3,719,824</u>		<u>3,924,054</u>
<b>CURRENT ASSETS</b>					
Stocks	8	-		181,091	
Debtors	9	8,873,924		6,161,287	
		<u>8,873,924</u>		<u>6,342,378</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	(12,303,720)		(9,842,062)	
<b>NET CURRENT LIABILITIES</b>			<u>(3,435,764)</u>		<u>(3,499,684)</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11		(2,984)		-
<b>NET ASSETS</b>			<u>287,044</u>		<u>424,370</u>
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	12		66,254		66,254
Share premium account			19,800		19,800
Profit and loss account	13		200,990		338,316
<b>SHAREHOLDERS' FUNDS</b>	14		<u>287,044</u>		<u>424,370</u>

The financial statements of MITIE Energy Limited, company registration number 03629791, were approved by the board on 14 December 2010



**S C Baxter**  
Director

## **MITIE ENERGY LIMITED**

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

**Year ended 31 March 2010**

#### **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.

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

##### **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.

## **MITIE ENERGY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 March 2010**

#### **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 contributions payable in the year.

##### **Goodwill**

Goodwill represents 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 3.

# MITIE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

### 2 OPERATING (LOSS)/PROFIT

	2010	2009
	£	£
Operating (loss)/profit is stated after charging/(crediting)		
Amortisation of goodwill	188,904	188,902
Depreciation on owned assets	89,379	143,631
Depreciation on leased assets	28,281	13,319
Auditors' remuneration - audit services	12,870	11,880
Loss/(profit) on disposal of tangible fixed assets	26,524	(23,451)
Operating lease rentals	25,984	17,250

### 3 INTEREST

	2010	2009
	£	£
Interest receivable and similar income		
Bank interest	-	14,242
Interest payable and similar charges	£	£
Interest payable to related parties	36,778	74,657
Finance lease interest	206	414
	36,984	75,071

# MITIE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

### 4 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
<b>(a) Analysis of charge in year</b>		
United Kingdom corporation tax at 28% (2009 28%)	22,712	161,501
Adjustment in respect of prior years	(111,480)	(559)
<b>Total current tax (note 4(b))</b>	<b>(88,768)</b>	<b>160,942</b>
Deferred taxation		
Timing differences - origination and reversal	1,604	(165,551)
Adjustment in respect of prior years	110,148	11,356
<b>Tax on profit on ordinary activities</b>	<b>22,984</b>	<b>6,747</b>

### (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% (2009 28%) The differences are as follows

	£	£
(Loss)/Profit on ordinary activities before tax	(112,518)	333,157
	£	£
Tax at 28% (2009 28%) thereon	(31,506)	93,284
Expenses not deductible for tax purposes	55,911	57,915
Difference between capital allowances and depreciation	(2,204)	9,379
Relief in respect of employee share option	511	916
Other timing differences	-	7
Adjustment in respect of prior years	(111,480)	(559)
<b>Current tax charge for the year (note 4(a))</b>	<b>(88,768)</b>	<b>160,942</b>

### (c) Factors affecting future tax charges

The company is not aware of any factors that will materially affect the future tax charge apart from the proposed, phased reduction in corporation tax rates to 24% by 2015 which has not yet been enacted

# MITIE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

### 5. DIVIDENDS

The dividends approved and paid in the year are as follows

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
£nil (2009 £14 41) per share on 1p A ordinary shares	-	627,758
£nil (2009 £14 41) per share on 1p 'B' ordinary shares	-	603,140
	<u>-</u>	<u>1,230,898</u>

### 6. INTANGIBLE FIXED ASSETS

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2009 and 31 March 2010	<u>3,778,068</u>
<b>Amortisation</b>	
At 1 April 2009	189,419
Amortisation for the period	<u>188 904</u>
At 31 March 2010	<u>378,323</u>
<b>Net book value</b>	
At 31 March 2010	<u>3,399,745</u>
At 31 March 2009	<u>3,588,649</u>

# MITIE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

### 7. TANGIBLE FIXED ASSETS

	Short leasehold £	Motor vehicles £	Plant and office equipment £	Total £
<b>Cost</b>				
At 1 April 2009	38,868	402,251	254,153	695,272
Additions	-	133,412	2,279	135,691
Transfers	-	(11,703)	(44,291)	(55,994)
Disposals	-	(96,421)	-	(96,422)
At 31 March 2010	38,868	427,539	212,141	678,547
<b>Depreciation</b>				
At 1 April 2009	16,843	184,873	158,151	359,867
Charge for the year	7,774	79,712	30,175	117,661
Transfers	-	(7,714)	(25,976)	(33,690)
Disposals	-	(85,368)	-	(85,368)
At 31 March 2010	24,617	171,503	162,350	358,470
<b>Net book value</b>				
At 31 March 2010	14,252	256,036	49,791	320,079
At 31 March 2009	22,025	217,378	96,002	335,405

Included in Motor vehicles are assets held under finance lease with a net book value of £98 450 (2009 £82,323)

**MITIE ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2010**

<b>8.</b>	<b>STOCKS</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Work in progress	-	181,091

<b>9</b>	<b>DEBTORS</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Trade debtors	2,141,795	1,837,082
	Amounts recoverable on contracts	1,910,775	646,698
	Amounts owed by group undertakings	4,106,880	2,826,147
	Other debtors	423,988	562,150
	Corporation tax debtor	175,725	-
	Deferred tax asset	56,965	168,717
	Prepayments and accrued income	57,796	120,493
		<u>8,873,924</u>	<u>6,161,287</u>

**Movement on deferred tax balances in the period**

	<b>£</b>	<b>£</b>
Opening debtor	168,717	14,522
(Charge)/Credit to the profit and loss account	(111,752)	154,195
	<u>56,965</u>	<u>168,717</u>

**Analysis of deferred tax asset**

	<b>£</b>	<b>£</b>
Depreciation in excess of capital allowances	14,051	12,414
Short term timing differences	79	79
Share schemes relief	679	79
Tax losses	42,156	156,145
	<u>56,965</u>	<u>168,717</u>

The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse



# MITIE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2010 £	2009 £
	Bank overdraft	2,679,905	155,531
	Trade creditors	2,835,530	2,119,615
	Amounts owed to group undertakings	6,578,297	7 320,334
	Other creditors	11,483	32,253
	Corporation tax	-	44 996
	Other taxes and social security costs	146,737	40,955
	Accruals and deferred income	51,768	128,378
		<u>12,303,720</u>	<u>9 842,062</u>

11.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2010 £	2009 £
	Obligations under finance leases due within two and five years	<u>2,984</u>	<u>-</u>

12.	CALLED UP SHARE CAPITAL	2010 £	2009 £
	<b>Allotted, called up and fully paid</b>		
	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)

13	PROFIT AND LOSS ACCOUNT	£
	At 1 April 2009	338,316
	Loss for the financial year	(135,502)
	Capital contribution	(1,824)
	<b>At 31 March 2010</b>	<u>200,990</u>

# MITIE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

14.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2010 £	2009 £
	(Loss)/profit for the financial year	(135,502)	326,410
	Dividends (note 5)	-	(1,230,898)
	Capital (reduction)/contribution	(1,824)	3,723
	Net reduction to shareholders' funds	(137,326)	(900,765)
	Opening shareholders' funds	424,370	1,325,135
	Closing shareholders' funds	287,044	424,370

## 15 FINANCIAL COMMITMENTS

### Operating leases

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

	2010 £	2009 £
<b>Land and buildings</b>		
Expiry date		
- between two and five years	25,984	17,250

## 16. DIRECTORS

	2010 £	2009 £
The emoluments of the directors of the company were		
Fees and other emoluments (excluding pension contributions but including benefits-in-kind)	126,769	346,936
	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. M A Denham, C J Aldred and S G Newman are employees of MITIE Asset Management Ltd and their emoluments and pension details are included in the accounts of MITIE Asset Management Ltd.

## MITIE ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

#### 17. EMPLOYEES

##### Number of employees

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

	2010 No	2009 No
Administration and management	70	76
<b>Employment costs (including directors)</b>	<b>£</b>	<b>£</b>
Wages and salaries	2,255,456	1,888,784
Social security costs	264,057	209,720
Pension costs	115,779	99,091
Share-based payment expense (see note 18)	(1,824)	3,723
	<u>2,633,468</u>	<u>2,201,318</u>

#### 18. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2010**

**18 SHARE-BASED PAYMENTS (continued)****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 dates 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.

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

	<b>2010</b>		<b>2009</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 period	16,610	197	-	-
Granted during the period	5,443	190	7,778	190
Forfeited during the period	(2,806)	203	-	-
Transferred during the period	-	-	8,832	203
<b>Outstanding at end of the period</b>	<b>19,247</b>	<b>194</b>	<b>16,610</b>	<b>197</b>
<b>Exercisable at end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

In the year ended 31 March 2010, options were granted in July and August 2009 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 £1,823.

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

	<b>2010 £</b>	<b>2009 £</b>
2001 Executive share options	(364)	(25)
2001 Saving related share options	(1,461)	3,748
	<b>(1,824)</b>	<b>3,723</b>

# MITIE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 18 SHARE-BASED PAYMENTS (continued)

	2010	2009
Share price (p)	133 to 230	133 to 230
Exercise price (p)	120 to 254	120 to 254
Expected volatility (%)	27 to 36	27 to 30
Expected life (years)	3 to 6	4 to 6
Risk-free rate (%)	2.42 to 5.25	4.17 to 5.25
Expected dividends (%)	1.43 to 3.30	1.43 to 3.15

Expected volatility was based on historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

### 19. PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 33 to the Report and Accounts of MITIE Group PLC sets out the details of the International Accounting Standard 19 'Employee Benefits' pension deficit of £6.8 million (2009 surplus of £3.0 million).

Employer contributions to the scheme for the period are shown in note 17. The combined contribution rate for employee and employer contributions for the next 12 months is 17.5% (2009 17.5%).

### 20 RELATED PARTY TRANSACTIONS

The company entered into transactions with entities that are not 100% owned by MITIE Group PLC which require disclosure under FRS 8.

Related party	Amount of transaction		Year end balance	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
MITIE Engineering Ltd	35,384	-	10,331	-
MITIE Engineering Maintenance (North) Ltd	62,973	9,339	-	-
MITIE Engineering Services (Retail) Ltd	57,916	-	17,630	-
MITIE Engineering Projects Ltd	(4,640)	(1,878)	-	(2,207)
MITIE Cleaning Services Ltd	(4,133)	20,817	-	2,249
MITIE Engineering Ltd	(14,843)	-	(17,069)	-
MITIE Engineering Services (Retail) Ltd	(40,236)	-	-	(54,766)

## **MITIE ENERGY LIMITED**

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

**Year ended 31 March 2010**

#### **21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors regard MITIE Group PLC, a company registered in Scotland as the company's ultimate parent undertaking and controlling party. MITIE Group PLC is both the smallest and largest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.