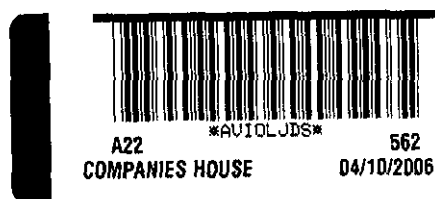


Company Registration Number 3787709

MITIE BUSINESS SERVICES LIMITED

Report and Financial Statements

31 March 2006



MITIE BUSINESS SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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MITIE BUSINESS SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Baxter
C S Hale
R McGregor-Smith
M J Oppenheim
M J Smith
I R Stewart

SECRETARY

MITIE Company Secretarial Services Limited (appointed 30 June 2006)
C K Ross (resigned 30 June 2006)

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

National Westminster Bank plc
32 Corn Street
Bristol
BS99 7UG

AUDITORS

Deloitte & Touche LLP
Bristol

MITIE BUSINESS SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 reprographic and post room facilities to banking, legal and commercial ventures. 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.

As shown in the company's profit and loss account on page 6, the company's sales have increased by 9% over the prior year and profit after tax has decreased.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has reduced in net assets terms.

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

DIVIDENDS

A dividend of £7.22 (2005: £4.14) per 'A' ordinary share and 8p (2005: 8p) per 'B' ordinary share was approved and paid during the year.

MITIE BUSINESS SERVICES LIMITED

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Loss of key customers is a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

Group risks are discussed in the Group's Annual Report which does not form part of this Report.

FINANCIAL RISK MANAGEMENT

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

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

PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March 2006 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 36 days (2005: 34 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 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 attitudes 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 BUSINESS SERVICES LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors during the year and subsequently were as follows:

C S Hale
R McGregor-Smith
M J Oppenheim
M J Smith
I R Stewart
S C Baxter (appointed 8 May 2006)

No director held an interest in the share capital of the company.

C S Hale, I R Stewart and R McGregor-Smith are directors of MITIE Group PLC, the parent undertaking, and their interests in the share capital of that company and other group companies are shown in the financial statements of MITIE Group PLC.

No other director had an interest in the share capital of MITIE Group PLC or any other group company.

AUDITORS

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

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

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

Pursuant to Section 386 Companies Act 1985, an elective resolution was passed on 6 February 2006 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche LLP are deemed to continue as auditors.

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



R McGregor-Smith
Director

14 August 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITIE BUSINESS SERVICES LIMITED

We have audited the financial statements of MITIE Business Services Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 22. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report 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 transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

15 August 2006

MITIE BUSINESS SERVICES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2006

	Notes	Continuing operations	
		2006 £	2005 £
TURNOVER	1	21,656,752	19,833,132
Cost of sales		(18,240,961)	(15,510,466)
GROSS PROFIT		3,415,791	4,322,666
Administrative expenses		(1,629,123)	(1,645,101)
OPERATING PROFIT	2	1,786,668	2,677,565
Interest receivable	3	58,744	68,235
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,845,412	2,745,800
Tax charge on profit on ordinary activities	4	(567,549)	(825,425)
PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR		1,277,863	1,920,375

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 statement of total recognised gains and losses has been presented.

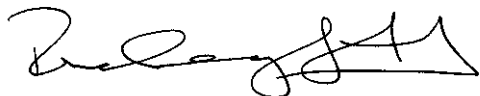
MITIE BUSINESS SERVICES LIMITED

BALANCE SHEET
At 31 March 2006

	Notes	2006		2005 (restated)	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		23,368		53,609
CURRENT ASSETS					
Stocks	7	2,516		504	
Debtors	8	4,361,532		4,310,992	
Cash at bank and in hand		1,172,019		2,640,767	
		5,536,067		6,952,263	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(2,831,715)		(3,690,617)	
NET CURRENT ASSETS			2,704,352		3,261,646
PROVISION FOR LIABILITIES	10		-		(3,649)
NET ASSETS			<u>2,727,720</u>		<u>3,311,606</u>
CAPITAL AND RESERVES					
Called up share capital	11		325,000		325,000
Share premium account			184,669		184,669
Profit and loss account	12		2,218,051		2,801,937
TOTAL SHAREHOLDERS' FUNDS	13		<u>2,727,720</u>		<u>3,311,606</u>
Shareholders' funds are represented by:					
Attributable to non-equity shareholders			-		320,000
Attributable to equity shareholders			<u>2,727,720</u>		<u>2,991,606</u>
			<u>2,727,720</u>		<u>3,311,606</u>

These financial statements were approved by the Board of Directors on 14 August 2006.

Signed on behalf of the Board of Directors



R McGregor-Smith
Director

MITIE BUSINESS SERVICES LIMITED

CASH FLOW STATEMENT Year ended 31 March 2006

	Notes	2006 £	2005 £
Net cash inflow from operating activities	14	1,018,134	1,012,094
Returns on investments and servicing of finance			
Interest received		58,744	68,235
Taxation			
UK corporation tax paid		(683,877)	(670,951)
Capital expenditure			
Payments to acquire tangible fixed assets		-	(29,393)
Dividends paid		(1,861,749)	(39,960)
(Decrease)/increase in cash in the year	15	<u>(1,468,748)</u>	<u>340,025</u>

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable United Kingdom accounting standards.

Turnover

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

Turnover from bundled contracts consists of various components which operate independently of each other and for which reliable fair values can be established. Accordingly, each component is accounted for separately as if it were an individual contractual arrangement.

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	up to 5 years
------------------	---------------

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leasing commitments

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

Tax

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

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax 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 BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

1. ACCOUNTING POLICIES (continued)

Pension costs

Pension costs represent amounts paid to one of the group's pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

Change in accounting policy

The financial statements for the year ended 31 March 2006 have been drawn up using the same accounting policies as for the year ended 31 March 2005 subject to the adoption of FRS 21 'Events after the balance sheet date', FRS 17 'Retirement Benefits' and FRS 25 'Financial Instruments'.

The adoption of FRS 17 and FRS 25 has had no impact on the financial statements of this company. The company has taken the exemption given in FRS 25 not to restate comparatives, as such the presentation of the non equity shares held in the prior year has not been amended.

Adoption of FRS 21 - Events after the balance sheet date

The effect of adopting FRS 21, and therefore recognising dividends in the period during which they were approved, has decreased the retained profit for the year ended 31 March 2006 by £1,861,749 and increased the retained profit for the year ended 31 March 2005 by £1,796,149. The net assets at 31 March 2006 and 31 March 2005 have increased by nil and £1,861,749 respectively.

This change in policy has not impacted recognised gains or losses and no statement of total recognised gains and losses has been presented.

2. OPERATING PROFIT

	2006 £	2005 £
Operating profit is stated after charging:		
Depreciation	30,241	30,018
Auditors' remuneration - audit services	5,395	4,800
Operating lease rentals - plant and machinery	765,140	383,337

3. INTEREST RECEIVABLE

	2006 £	2005 £
Bank interest	58,744	68,235

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

4. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
(a) Analysis of charge in year		
United Kingdom corporation tax at 30% (2005: 30%)	551,087	827,890
Adjustment in respect of prior years	24,440	948
Total current tax (note 4(b))	<u>575,527</u>	<u>828,838</u>
Deferred taxation:		
Timing differences - origination and reversal	7,935	(2,312)
Adjustment in respect of prior years	(15,913)	(1,101)
Tax on profit on ordinary activities	<u>567,549</u>	<u>825,425</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 30% (2005: 30%). The differences are as follows:

	£	£
Profit on ordinary activities before tax	<u>1,845,412</u>	<u>2,745,800</u>
	£	£
Tax at 30% (2005: 30%) thereon	553,624	823,740
Expenses not deductible for tax purposes	5,398	1,838
Depreciation in excess of capital allowances	5,293	3,413
Other timing differences	(13,228)	(1,101)
Adjustment in respect of prior years	24,440	948
Current tax charge for the year (note 4(a))	<u>575,527</u>	<u>828,838</u>

(c) Factors affecting future tax charges

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

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

5.	DIVIDENDS	2006	2005
		£	£
	£7.22 (2005: £4.14) per share on 1p 'A' ordinary shares	1,842,149	1,055,956
	8p (2005: 8p) per share on 1p 'B' ordinary shares	19,600	19,600
		<u>1,861,749</u>	<u>1,075,556</u>
6.	TANGIBLE FIXED ASSETS		
		Office equipment	
		£	
	Cost		
	At 1 April 2005 and 31 March 2006	<u>143,142</u>	
	Depreciation		
	At 1 April 2005	89,533	
	Charge for the year	<u>30,241</u>	
	At 31 March 2006	<u>119,774</u>	
	Net book value		
	At 31 March 2006	<u>23,368</u>	
	At 31 March 2005	<u>53,609</u>	
7.	STOCKS	2006	2005
		£	£
	Stocks and work in progress	<u>2,516</u>	<u>504</u>

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

8. DEBTORS	2006 £	2005 £
Trade debtors	3,064,061	3,718,858
Amounts owed by group undertakings	989,911	443,428
Other debtors	100,524	60,901
Prepayments and accrued income	207,036	87,805
	<u>4,361,532</u>	<u>4,310,992</u>

Included within other debtors is a deferred tax asset of £4,329, which has been recognised at 31 March 2006 (2005: liability of £3,649). This asset relates to negative accelerated capital allowances. The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse. The amount credited to the profit and loss account in the year in respect of this asset was £7,978 (2005: £3,413).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2006 £	2005 £
Trade creditors	681,906	785,280
Amounts owed to group undertakings	346,165	49,134
Corporation tax	383,225	491,575
Other taxes and social security costs	705,650	925,504
Other creditors	39,714	1,059
Accruals and deferred income	675,055	1,438,065
	<u>2,831,715</u>	<u>3,690,617</u>

10. PROVISIONS AND LIABILITIES

Deferred tax	£	
At 1 April 2005	(3,649)	
Movement for the year	7,978	
At 31 March 2006	<u>4,329</u>	
Deferred taxation provided in the financial statements is analysed as follows:	2006 £	2005 £
Capital allowances less than/(in excess of) depreciation	<u>4,329</u>	<u>(3,649)</u>

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

11. CALLED UP SHARE CAPITAL	2006 £	2005 £
Authorised		
500,000 £1 Deferred shares	500,000	500,000
255,000 1p 'A' ordinary shares	2,550	2,550
245,000 1p 'B' ordinary shares	2,450	2,450
	<u>505,000</u>	<u>505,000</u>
	£	£
Allotted and fully paid		
320,000 £1 Deferred shares	320,000	320,000
255,000 1p 'A' ordinary shares	2,550	2,550
245,000 1p 'B' ordinary shares	2,450	2,450
	<u>325,000</u>	<u>325,000</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).

The rights attaching to the 'A' and 'B' 1p ordinary shares have been changed and are as follows:

Income

- (a) Subject to the approval of the board, save as set out below, the profits of the company available for distribution in respect of any financial year shall be applied:
- (i) first, in paying to the holders of the 'A' shares and 'B' shares a dividend of such amount as the board shall decide;
 - (ii) second, in paying as a cumulative dividend to the holders together of the 'A' shares one-half of the profits of the company available for distribution (net of any tax that is actually payable) in each financial year less the amount(s) already paid in respect of the 'A' shares and 'B' shares under clause (i) together with any arrears of such cumulative dividend unpaid from any previous financial year insofar as there is sufficient profit remaining after the payment in clause (i); and
 - (iii) third, the balance of the profits available for distribution which are resolved to be distributed shall be distributed among the holders of the 'A' share and 'B' shares pari passu as if they constituted one class of share.
- (b) The deferred shares are not entitled to a dividend.
- (c) Every dividend shall be distributed to the appropriate shareholders pro rata according to the nominal value of the shares held by them respectively.

Capital

On a return of capital, the assets of the company will be distributed equally to all 1p ordinary shareholders.

Voting

Each 'A' and 'B' share will carry one vote.

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

12. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2005 (as previously stated)	940,188
Prior year adjustment (note 1)	1,861,749
At 1 April 2005 (restated)	2,801,937
Profit for the financial year	1,277,863
Dividends	(1,861,749)
At 31 March 2006	2,218,051

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	1,277,863	1,920,375
Dividends (note 5)	(1,861,749)	(1,075,556)
Net (reduction)/addition to shareholders' funds	(583,886)	844,819
Opening shareholders' funds (as previously stated)	1,449,857	2,401,187
Prior year adjustment (note 1)	1,861,749	65,600
Opening shareholders' funds (restated)	3,311,606	2,466,787
Closing shareholders' funds	2,727,720	3,311,606

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	1,786,668	2,677,565
Depreciation	30,241	30,018
(Increase)/decrease in stocks	(2,012)	18,766
Increase in debtors	(46,211)	(838,669)
Decrease in creditors	(750,552)	(875,586)
Net cash inflow from operating activities	1,018,134	1,012,094

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

15. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2005 £	Cash flow £	At 31 March 2006 £
Cash at bank and in hand	<u>2,640,767</u>	<u>(1,468,748)</u>	<u>1,172,019</u>

16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006 £	2005 £
(Decrease)/increase in cash being movement in net funds in year	(1,468,748)	340,025
Net funds at beginning of year	<u>2,640,767</u>	<u>2,300,742</u>
Net funds at end of year	<u>1,172,019</u>	<u>2,640,767</u>

17. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows:

	2006		2005	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
- within one year	-	105,846	-	56,243
- between two and five years	-	588,592	-	723,884
- in over five years	-	-	48,262	-
	<u>-</u>	<u>694,438</u>	<u>48,262</u>	<u>780,127</u>

Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts and loans. As at 31 March 2006, the overall commitment was £33 million (2005: nil).

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

18. DIRECTORS

	2006 £	2005 £
The emoluments of directors of the company were:		
Fees and other emoluments (including benefits-in-kind)	<u>381,963</u>	<u>363,100</u>
	£	£
The highest paid director	<u>191,148</u>	<u>186,800</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

C S Hale, I R Stewart and R McGregor-Smith are directors of MITIE Group PLC and their emoluments and pension details are disclosed in the group accounts.

Where the directors are remunerated by other group companies for their services to the group as a whole, it is not practicable to allocate their remuneration between their services as directors of MITIE Business Services Limited and their services as directors of other group companies.

19. EMPLOYEES

Number of employees

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

	2006 No.	2005 No.
Operatives	397	390
Administration and management	15	15
	<u>412</u>	<u>405</u>
Employment costs	£	£
Wages and salaries	9,249,832	8,926,895
Social security costs	926,955	899,430
Pension costs	166,316	125,705
	<u>10,343,103</u>	<u>9,952,030</u>

MITIE BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

20. 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 29 to the Report and Accounts of the group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension surplus of £1.8 million (2005: deficit of £7.6 million).

Contributions to the scheme for the period are shown in note 19 and the agreed contribution rate for the next 12 months is 10% (2005: 10%) and 7.5% (2005: 7.5%) for the group and employees respectively.

21. RELATED PARTY TRANSACTIONS

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

22. 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.