

Company Registration Number 3787709

**MITIE BUSINESS SERVICES LIMITED**

**Report and Financial Statements**

**31 March 2009**

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**MITIE BUSINESS SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2009**

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## **MITIE BUSINESS SERVICES LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

L D Barnet  
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**

National Westminster Bank plc  
32 Corn Street  
Bristol  
BS99 7UG

#### **AUDITORS**

Deloitte LLP  
Bristol

## **MITIE BUSINESS SERVICES LIMITED**

### **DIRECTORS' REPORT**

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

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The company is a wholly owned subsidiary of MITIE Facilities Services Limited which is in turn a wholly owned subsidiary of MITIE Group PLC (the 'Group'). The company provides a comprehensive suite of outsourced document management and business support services 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 25% over the prior year and profit after tax has decreased by 12%.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has decreased in net assets terms by 9%.

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 £3.28 (2008: £1.52) per 'A' ordinary share and £3.28 (2008: £1.52) 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 2009 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 21 days (2008: 43 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.

#### **GOING CONCERN**

The directors believe that the going concern basis of presentation is appropriate for the financial statements of the company, as the company was profitable during the current year, and at 31 March 2009 the company was in a strong net asset position, with significant cash balances. The directors have reviewed the budgeted profits and associated cash flows for the next year, and are confident that the company will remain in a strong net asset position for the foreseeable future.

## **MITIE BUSINESS SERVICES LIMITED**

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

#### **GOING CONCERN (continued)**

Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company's strategy to manage liquidity risk is to ensure that the company has sufficient funds to meet all its potential liabilities as they fall due.

The liquidity risk is managed by the directors reviewing regularly prepared cash flow forecasts, and ensuring the company's debtors comply with the credit terms negotiated with them. As a result, 71% of our debtors are current, with another 23% being between 30 and 60 days as at 31 March 2009.

In addition, the directors have considered the facilities available to the entity through MITIE Group, and believe that the company can continue to operate within the facilities available for the period of the cash flow forecast.

#### **DIRECTORS**

The directors during the year and subsequently were as follows:

L D Barnet  
S C Baxter  
R McGregor-Smith

#### **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 6 February 2006 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

17 July 2009

## **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 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. 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

17 July 2009

**MITIE BUSINESS SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2009**

	Note	<b>Continuing operations</b>	
		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>TURNOVER</b>	1	27,962	22,296
Cost of sales		(22,575)	(17,414)
<b>GROSS PROFIT</b>		5,387	4,882
Administrative expenses		(3,401)	(2,812)
<b>OPERATING PROFIT</b>	2	1,986	2,070
Interest receivable and similar income	3	33	52
Interest payable and similar charges	3	(100)	(100)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,919	2,022
Tax charge on profit on ordinary activities	4	(681)	(617)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	1,238	1,405

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 has been presented.



**MITIE BUSINESS SERVICES LIMITED**

**BALANCE SHEET**  
**At 31 March 2009**

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible assets	6	2,829	2,282
<b>CURRENT ASSETS</b>			
Stocks	7	3	6
Debtors	8	6,227	10,216
Cash at bank and in hand		1,316	33
		<u>7,546</u>	<u>10,255</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(4,691)</u>	<u>(6,956)</u>
<b>NET CURRENT ASSETS</b>		<u>2,855</u>	<u>3,299</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,684</u>	<u>5,581</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	10	(1,764)	(1,309)
<b>PROVISIONS FOR LIABILITIES</b>	11	(26)	-
<b>NET ASSETS</b>		<u>3,894</u>	<u>4,272</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	325	325
Share premium account	13	185	185
Profit and loss account	13	3,384	3,762
<b>SHAREHOLDERS' FUNDS</b>	14	<u>3,894</u>	<u>4,272</u>

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

Signed on behalf of the Board of Directors



**S C Baxter**  
Director

## **MITIE BUSINESS SERVICES 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, except for the presentation of turnover, 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.

##### **Going Concern**

The going concern basis for preparing the accounts is considered appropriate as discussed in the directors' report on page 3.

##### **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.

In addition, on certain contracts the company is also responsible for procuring certain additional goods and services supplied to its customers. The direct costs of supplying these goods are invoiced to the company and recharged to the customer in full. As the company receives a pre-determined fee for managing such activity on behalf of its customers and the risks in relation to the provision of these goods and services are primarily borne by the company's customers, turnover for this activity reported by the company comprises the net turnover earned by the company from this activity in each accounting period.

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. Turnover is recognised as goods and services are provided.

##### **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:

Motor vehicles	up to 5 years
Plant and machinery	3 to 5 years
Office equipment	3 to 5 years
Fixtures and fittings	4 years

##### **Stocks**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**1. ACCOUNTING POLICIES (continued)**

**Leasing commitments**

Assets held under finance leases and hire purchase contracts and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the conception of the leases and are depreciated over the shorter of the lease terms and their useful lives. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

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 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. 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.

**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.

**Pension costs**

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

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

**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.

# MITIE BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

### 2. OPERATING PROFIT

	2009 £'000	2008 £'000
Operating profit is stated after charging:		
Depreciation:		
- owned assets	186	115
- leased assets	592	599
Auditors' remuneration - audit services	2	9
Operating lease rentals - plant and machinery	769	673

There were no fees payable to Deloitte LLP and their associates for non-audit services during the year or the prior year.

### 3. INTEREST

	2009 £'000	2008 £'000
Interest receivable and similar income		
Bank interest	33	52
Interest payable and similar charges		
Finance lease interest	100	70
Other interest	-	30
	100	100

# MITIE BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

### 4. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
<b>(a) Analysis of charge in year</b>		
United Kingdom corporation tax at 28% (2008: 30%)	513	738
Adjustment in respect of prior years	(57)	56
<b>Total current tax (note 4(b))</b>	<b>456</b>	<b>794</b>
Deferred taxation:		
Timing differences - origination and reversal	42	(135)
Decrease in tax rate	183	14
Adjustment in respect of prior years	-	(56)
<b>Tax on profit on ordinary activities</b>	<b>681</b>	<b>617</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% (2008: 30%). The differences are as follows:

	£'000	£'000
Profit on ordinary activities before tax	1,919	2,022
<b>Tax at 28% (2008: 30%) thereon</b>	<b>537</b>	<b>607</b>
Expenses not deductible for tax purposes	6	15
Depreciation less than capital allowances	(36)	(1)
Relief in respect of employee share options	11	(20)
Other timing differences	(5)	137
Adjustment in respect of prior years	(57)	56
<b>Current tax charge for the year (note 4(a))</b>	<b>456</b>	<b>794</b>

**MITIE BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**5. DIVIDENDS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
£3.28 (2008: £1.52) per share on 1p 'A' ordinary shares	835	388
£3.28 (2008: £1.52) per share on 1p 'B' ordinary shares	803	373
	<u>1,638</u>	<u>761</u>

**6. TANGIBLE FIXED ASSETS**

	<b>Motor vehicles £'000</b>	<b>Plant and machinery £'000</b>	<b>Office equipment £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 April 2008	73	2,820	508	67	3,468
Additions	23	1,259	43	-	1,325
	<u>96</u>	<u>4,079</u>	<u>551</u>	<u>67</u>	<u>4,793</u>
At 31 March 2009					
<b>Depreciation</b>					
At 1 April 2008	12	914	193	67	1,186
Charge for the year	25	595	158	-	778
	<u>37</u>	<u>1,509</u>	<u>351</u>	<u>67</u>	<u>1,964</u>
At 31 March 2009					
<b>Net book value</b>					
At 31 March 2009	<u>59</u>	<u>2,570</u>	<u>200</u>	<u>-</u>	<u>2,829</u>
At 31 March 2008	<u>61</u>	<u>1,906</u>	<u>315</u>	<u>-</u>	<u>2,282</u>

Included in the net book value of plant and machinery is £2,548,959 (2008: £1,907,005) of assets held under finance leases. The depreciation charge on these assets for the year was £591,531 (2008: £599,274).

**7. STOCKS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Work in progress	<u>3</u>	<u>6</u>

**MITIE BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2009**

<b>8. DEBTORS</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Trade debtors	3,226	6,824
Amounts owed by group undertakings	1,399	449
Other debtors	664	114
Prepayments and accrued income	938	2,630
Deferred tax asset	-	199
	<u>6,227</u>	<u>10,216</u>

A net deferred tax liability of £26,318 has been recognised at 31 March 2009 (2008: asset of £198,879). This liability relates to capital allowances in excess of depreciation and share based payments. The amount debited to the profit and loss account in the year was £225,197 (2008: credit to profit and loss account of £176,861).

<b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Obligations under finance leases	714	556
Trade creditors	1,160	2,637
Amounts owed to group undertakings	603	439
Corporation tax	172	421
Other taxes and social security costs	540	1,011
Other creditors	95	15
Accruals and deferred income	1,407	1,877
	<u>4,691</u>	<u>6,956</u>

<b>10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Obligations under finance leases	<u>1,764</u>	<u>1,309</u>
The following is an analysis of finance lease obligations:	<b>£'000</b>	<b>£'000</b>
Minimum lease payments payable:		
Amounts due in less than one year	841	643
Between two and five years	2,092	1,498
	<u>2,933</u>	<u>2,141</u>
Less finance charges allocated to future periods	<u>(455)</u>	<u>(276)</u>
	<u>2,478</u>	<u>1,865</u>

# MITIE BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

11.	PROVISIONS FOR LIABILITIES			2009 £'000	2008 £'000	
	Deferred tax liability			26	-	
12.	CALLED UP SHARE CAPITAL			2009 £'000	2008 £'000	
	Authorised					
	500,000 £1 deferred shares			500	500	
	255,000 1p 'A' ordinary shares			3	3	
	245,000 1p 'B' ordinary shares			2	2	
				505	505	
				£'000	£'000	
	Allotted and fully paid					
	320,000 £1 deferred shares			320	320	
	255,000 1p 'A' ordinary shares			3	3	
	245,000 1p 'B' ordinary shares			2	2	
				325	325	
13.	RESERVES					
		Share capital £'000	Share premium account £'000	Profit and loss account £'000	2009 Total £'000	2008 Total £'000
	At 1 April 2008	325	185	3,762	4,272	3,612
	Profit for the financial year	-	-	1,238	1,238	1,405
	Dividends (note 5)	-	-	(1,638)	(1,638)	(761)
	Capital contribution increase	-	-	22	22	16
	At 31 March 2009	325	185	3,384	3,894	4,272

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 BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009 £'000	2008 £'000
Profit for the financial year	1,238	1,405
Dividends (note 5)	(1,638)	(761)
Capital contribution	22	16
Net (reduction) / addition to shareholders' funds	(378)	660
Opening shareholders' funds	4,272	3,612
Closing shareholders' funds	3,894	4,272

## 15. FINANCIAL COMMITMENTS

### Operating leases

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

	2009 Other £'000	2008 Other £'000
Expiry date:		
- within one year	764	67
- between two and five years	1,356	46
	2,120	113

### 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 2009, the overall commitment was £10 million (2008: £50 million).

## MITIE BUSINESS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

#### 16. DIRECTORS

	2009 £'000	2008 £'000
The emoluments of directors of the company were:		
Fees and other emoluments (including benefits-in-kind)	159	202
	£'000	£'000
The highest paid director	<u>159</u>	<u>127</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

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 Business Services Limited and their services as directors of other group companies.

No directors exercised options in the shares of the ultimate holding company, MITIE Group PLC, during the year (2008: no directors) excluding those directors who are also directors of MITIE Group PLC in respect of whom disclosures are made in the Group accounts.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**17. EMPLOYEES****Number of employees**

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

	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
Operatives	569	594
Administration and management	26	27
	<u>595</u>	<u>621</u>
<b>Employment costs</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	14,950	13,920
Social security costs	1,472	1,355
Pension costs	364	239
Share-based payments (see note 18)	22	16
	<u>16,808</u>	<u>15,530</u>

**18. SHARE-BASED PAYMENTS**

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

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

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

**The MITIE Group PLC 2001 Savings related share option scheme**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**18. 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 <sup>(1)</sup>	194,267	191	257,049	150
Granted during the period	148,317	204	74,613	252
Forfeited during the period	(17,897)	166	(49,171)	159
Transferred to/from Group subsidiaries during the period	(7,329)	217	(68,965)	145
Exercised during the period	(21,691)	137	(19,259)	129
<b>Outstanding at end of the period</b>	<b>295,667</b>	<b>202</b>	<b>194,267</b>	<b>191</b>
<b>Exercisable at end of the period</b>	<b>20,592</b>	<b>159</b>	<b>12,386</b>	<b>125</b>

<sup>(1)</sup> Included within this balance are zero (2008: 2,986) options that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20. Their exercise prices range from 95p to 174p (2008: 57p to 174p).

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

	2009 £'000	2008 £'000
2001 Executive share options	12	10
2001 Saving related share options	10	6
	<u>22</u>	<u>16</u>

The weighted average share price at the date of exercise for share options exercised during the period was 215p (2008: 269p).

The options outstanding at 31 March 2009 had a weighted average exercise price of 202p (2008: 191p) and a weighted average remaining contractual life of 6.40 years (2008: 6.55 years).

In the year ended 31 March 2009, options were granted in July 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 £43,413.

## MITIE BUSINESS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

#### 18. SHARE-BASED PAYMENTS (continued)

In the year ended 31 March 2008, options were granted in July and August 2007 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 £26,612.

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

	2009	2008
Share price (p)	133 to 230	133 to 230
Exercise price (p)	120 to 254	120 to 254
Expected volatility (%)	27 to 30	27 to 30
Expected life (years)	3 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.

#### 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 34 to the Report and Accounts of 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 17 and the agreed contribution rate for the next 12 months is 17.5% (2008: 17.5%).

#### 20. 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 under FRS8.

#### 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. The immediate controlling party is MITIE Facilities Services Limited. MITIE Facilities Services Limited is the smallest group and MITIE Group PLC the largest group for which Group accounts are prepared. Copies of these financial statements can be obtained from the company secretary at the registered office.