

Company Registration Number 03787709

**MITTE BUSINESS SERVICES LIMITED**

**Report and Financial Statements**

**Year ended 31 March 2012**



**MITIE BUSINESS SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 March 2012

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**MITIE BUSINESS SERVICES LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

L D Barnet  
J S Sheridan  
M A Freeman

R Cattell

**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

**AUDITOR**

Deloitte LLP  
London

## MITIE BUSINESS SERVICES LIMITED

### DIRECTORS' REPORT

#### 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

- Make judgements and accounting estimates that are reasonable and prudent,
- Select suitable accounting policies and then apply them consistently, and
- State whether applicable United Kingdom 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 ACTIVITIES 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 8, the company's sales have increased by 5.84% over the prior year and profit after tax has increased by 52.32%. The balance sheet on page 9 of the financial statements shows that the company's financial position at the year end has decreased in net asset terms by 12.42%.

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

Dividends for each share class were declared as follows:

£1 Deferred shares: No Dividend

1p 'A' ordinary shares: £11.12 per share (2011: £2.02)

1p 'B' ordinary shares: £0.08 per share (2011: £0.08)

#### 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.

## DIRECTORS' REPORT (continued)

### 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.

### GOING CONCERN

The company was profitable in the year. The directors have considered the forecast and budgeted profit and associated cash flows for the foreseeable future being at least twelve months from the date of the financial statements. The directors have considered the facilities available to the entity and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it appropriate to adopt the going concern basis in the preparation of the company's financial statements.

### 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 2012, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 58 days (2011: 29 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 recognises the importance of good communications and employee relationships. In each company there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purpose of the business and the commercial realities of success. Employees are encouraged to become shareholders through the Savings Related Share Option Scheme.

### DIRECTORS

The directors during the year and subsequently were as follows:

L D Barnet

J S Shendan (Appointed 30 March 2012)

S C Baxter (Resigned 01 February 2012)

R McGregor-Smith (Resigned 01 February 2012)

M A Freeman (Appointed 19 June 2012)

R Cattell (Appointed 19 June 2012)

**DIRECTORS' REPORT (continued)**

**AUDITOR**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 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 auditor is 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 has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by

M A Freeman  
Director



28 June 2012

## INDEPENDENT AUDITOR'S 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 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21. 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 auditor's 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 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 auditor

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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### 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 2012 and of its profit 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.

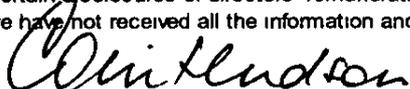
### Opinion on other matters prescribed by the Companies Act 2006

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.



Colin Hudson FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

29 June 2012

**PROFIT AND LOSS ACCOUNT**

Year ended 31 March 2012

	Note	2012 £'000	2011 £'000
<b>TURNOVER</b>	1	37,026	34,982
Cost of sales		<u>(31,270)</u>	<u>(29,997)</u>
<b>GROSS PROFIT</b>		5,756	4,985
Administration expense		<u>(2,546)</u>	<u>(2,783)</u>
<b>OPERATING PROFIT</b>	2	3,210	2,202
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<u>3,210</u>	<u>2,202</u>
Interest receivable and similar income	3	57	30
Interest payable and similar charges	3	<u>(225)</u>	<u>(212)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		3,042	2,020
Tax charge on profit on ordinary activities	5	(873)	(596)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	<u>2,169</u>	<u>1,424</u>

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 or 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

**BALANCE SHEET**  
As at 31 March 2012

		2012		2011	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	6		111		-
Tangible assets	7		4,517		2,859
			<u>4,628</u>		<u>2,859</u>
<b>CURRENT ASSETS</b>					
Debtors					
- due within one year	8	7,142		6,995	
Cash at bank and in hand		<u>3,333</u>		<u>3,958</u>	
		10,475		10,953	
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	9	<u>(7,963)</u>		<u>(6,797)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,512</u>		<u>4,156</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,140		7,015
<b>CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
	10		(2,535)		(1,757)
<b>NET ASSETS</b>			<u>4,605</u>		<u>5,258</u>
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	12		325		325
Share premium account	13		185		185
Profit and loss account	13		4,095		4,748
<b>SHAREHOLDERS' FUNDS</b>	14		<u>4,605</u>		<u>5,258</u>

The financial statements of MITIE Business Services Limited, company registered number 03787709, were approved by the board and authorised for issue. They were signed on behalf of the board by

M A Freeman  
Director



28 June 2012

## MITIE BUSINESS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### 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 accounts are prepared under the historical cost convention.

##### Going concern

Details regarding the directors' consideration of going concern are given in the going concern section of the directors' report.

##### Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom, from the company's principal activity. Revenue is recognised as services are delivered.

##### Intangible assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is 5 years. Provision is made for any impairment.

##### 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

##### Operating leases

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

##### Taxation

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 2012

#### ACCOUNTING POLICIES (continued)

##### Pension costs

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

For defined contribution schemes the amount charged to the profit and loss account is the contributions 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.

##### Cash flow statement

The company has taken the exemption from the requirement to prepare a cash flow statement, as it is included within the consolidated financial statements of MITIE Group PLC and greater than 90% of the voting rights of the company are held by MITIE Group PLC.

## 2 OPERATING PROFIT

	2012 £'000	2011 £'000
<b>Operating Profit is stated after charging</b>		
Loss on disposal of fixed assets	2	-
Depreciation of tangible fixed assets		
owned	84	62
held under finance leases and hire purchase contracts	1,506	1,470
Operating lease rentals		
plant and machinery	544	513
other	72	-

Audit fees of £9,000 (2011: £9,000) were borne by MITIE Facilities Services Ltd and not recharged.

The company has taken the exemption available to it not to disclose separately information about fees for non-audit services provided to the company as this information is available in the consolidated financial statements of MITIE Group PLC.

**MITIE BUSINESS SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**3 INTEREST**

	2012 £'000	2011 £'000
<b>Interest receivable and similar income</b>		
Bank interest	57	30
	<u>57</u>	<u>30</u>
<b>Interest payable and similar charges</b>	£'000	£'000
Finance leases	225	212
	<u>225</u>	<u>212</u>

**4 DIVIDENDS**

The dividends approved and paid in the year are as follows

	2012 £'000	2011 £'000
£1 Deferred shares	-	-
1p 'A' ordinary shares	2,836	515
1p 'B' ordinary shares	20	20
	<u>2,855</u>	<u>535</u>

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2012 £'000	2011 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 26% (2011 28%)	936	751
Adjustment in respect of prior years	(247)	(84)
Total current tax (Note 5(b))	<u>689</u>	<u>667</u>
Deferred taxation		
Timing differences - origination and reversal	(177)	(164)
Adjustment in respect of prior years	361	93
Tax on profit on ordinary activities	<u>873</u>	<u>596</u>

**MITIE BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

(b) Factors affecting tax charge in the year.

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	<u>3,042</u>	<u>2,020</u>
	£'000	£'000
Tax at 26% (2011 28%) thereon	791	566
Expenses not deductible for tax purposes	1	2
Differences between capital allowances and depreciation	154	207
Relief in respect of employee share options	(18)	(2)
Other timing differences	8	(22)
Adjustments to tax charge in respect of prior periods	<u>(247)</u>	<u>(84)</u>
<b>Current tax charge for the year (Note 5(a))</b>	<u>689</u>	<u>667</u>

The UK Government announced a reduction in the UK corporation tax rate from 26% to 24% from 1 April 2012, which was substantively enacted on 26 March 2012. The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those assets are expected to reverse has not had a material impact on the current year tax charge. The UK Government has indicated that it intends to enact further reductions in the main tax rate of 1% each year down to 22% by 1 April 2014. Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time.

The deferred tax balance comprises the following	£'000	£'000
Depreciation in excess of capital allowances	(124)	80
Share-based payment timing difference	26	5
Other timing differences	7	8
	<u>(91)</u>	<u>93</u>
	£'000	£'000
Amount charged/(credited) to the profit and loss account in the year in relation to deferred tax	<u>184</u>	<u>(71)</u>

**6 INTANGIBLE ASSETS**

	£'000
<b>Cost</b>	
At 1 April 2011	-
Additions	111
<b>At 31 March 2012</b>	<u>111</u>
<b>Amortisation</b>	
At 1 April 2011	-
<b>At 31 March 2012</b>	<u>-</u>
<b>Net book value</b>	
<b>At 31 March 2012</b>	<u>111</u>
At 1 April 2011	<u>-</u>

**MITIE BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**7 TANGIBLE ASSETS**

	<b>Motor vehicles £'000</b>	<b>Plant and machinery £'000</b>	<b>Office equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 April 2011	54	6,734	466	7,254
Additions	109	3,134	12	3,255
Disposals	(12)	-	-	(12)
<b>At 31 March 2012</b>	<b>151</b>	<b>9,868</b>	<b>478</b>	<b>10,497</b>
<b>Depreciation</b>				
At 1 April 2011	35	3,900	460	4,395
Charge for the year	23	1,560	7	1,590
Disposals	(5)	-	-	(5)
<b>At 31 March 2012</b>	<b>53</b>	<b>5,460</b>	<b>467</b>	<b>5,980</b>
<b>Net book value</b>				
<b>At 31 March 2012</b>	<b>98</b>	<b>4,408</b>	<b>11</b>	<b>4,517</b>
At 31 March 2011	19	2,834	6	2,859
<b>Leased assets included above</b>				
<b>Net book value</b>				
<b>At 31 March 2012</b>	<b>-</b>	<b>4,162</b>	<b>-</b>	<b>4,162</b>
At 31 March 2011	-	2,747	-	2,747

**8 DEBTORS**

	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	2,733	3,762
Amounts owed by Group undertakings	1,727	959
Other debtors	336	124
Prepayments and accrued income	2,346	2,057
Deferred tax asset	-	93
	<b>7,142</b>	<b>6,995</b>

**MITIE BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £'000	2011 £'000
Obligations under finance leases and hire purchase contracts	1,496	995
Trade creditors	1,702	2,073
Amounts owed to Group undertakings	1,353	512
Corporation tax	470	545
Other taxation and social security	1,005	947
Other creditors	366	16
Accruals and deferred income	1,480	1,709
Deferred tax liability	91	-
	<u>7,963</u>	<u>6,797</u>

**10 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2012 £'000	2011 £'000
Obligations under finance leases	2,535	1,757
	<u>2,535</u>	<u>1,757</u>

**11 FINANCE LEASES**

	2012 £'000	2011 £'000
<b>Amounts payable under finance leases</b>		
- within one year	244	1,187
- within two to five years	3,787	1,929
- after more than five years	-	104
Less finance charges allocated to future periods	-	(468)
	<u>4,031</u>	<u>2,752</u>

All obligations under finance leases are secured against the assets to which they relate

**12 CALLED UP SHARE CAPITAL**

	2012 £'000	2011 £'000
<b>Allotted, called up and fully paid share capital</b>		
320,000 £1 £1 Deferred shares	320	320
255,000 £0 01 1p 'A' ordinary shares	3	3
245,000 £0 01 1p 'B' ordinary shares	2	2
	<u>325</u>	<u>325</u>

**13 RESERVES**

	Share premium account £'000	Profit and loss account £'000
<b>At 1 April 2011</b>	185	4,748
Profit for the year	-	2,169
Dividends	-	(2,854)
Capital contribution relating to share based payments	-	32
<b>At 31 March 2012</b>	<u>185</u>	<u>4,095</u>

**MITIE BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2012 £'000	2011 £'000
Profit for the financial year	2,169	1,424
Dividends paid on equity shares	(2,854)	(535)
Capital contribution relating to share-based payments	32	36
<b>(Net reduction in)/addition to shareholders' funds</b>	<u>(653)</u>	<u>925</u>
Opening shareholders' funds	5,258	4,333
<b>Closing shareholders' funds</b>	<u><u>4,605</u></u>	<u><u>5,258</u></u>

**15 FINANCIAL COMMITMENTS**

The company has annual lease commitments under non-cancellable operating leases as detailed below

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- in less than one year	-	22	-	60
- between two and five years	-	4	-	54
- after five years	-	-	-	-
	<u>-</u>	<u>26</u>	<u>-</u>	<u>114</u>

**Commitments on behalf of group undertakings**

The company is party with other group undertakings to cross-guarantees of each others' bank overdrafts and loans

	2012 £'000	2011 £'000
Overall commitment	<u>157,300</u>	<u>195,300</u>

**16 DIRECTORS**

	2012 £'000	2011 £'000
<b>The emoluments of the directors of the company were</b>		
- Aggregate emoluments	191	176
- Aggregate value of contributions paid to a money purchase pension scheme	10	9
	<u>201</u>	<u>185</u>

	2012 No.	2011 No.
The number of directors who were members of a defined benefit pension scheme	1	1
were members of a defined contribution pension scheme	-	-
exercised share options in the year	<u>-</u>	<u>-</u>

## MITIE BUSINESS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

	2012 £'000	2011 £'000
<b>Highest paid director</b>		
- Aggregate emoluments	191	176
- Aggregate value of contributions paid to a money purchase pension scheme	10	9
	<u>201</u>	<u>185</u>

The highest paid director did not exercise share options in the year

The following directors are also directors or employees of another group company. They are remunerated by the company shown. It is not practicable to allocate their remuneration between their services as directors of this company and as directors or employees of other group companies.

Director	Remunerated by
J S Sheridan	MITIE Facilities Services Ltd
S C Baxter	MITIE Group PLC
R McGregor-Smith	MITIE Group PLC
M A Freeman	MITIE Facilities Services Ltd
R Cattell	MITIE Facilities Services Ltd

### 17 EMPLOYEES

#### Average employee numbers

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

	2012 No	2011 No
Operations	555	524
Administration	16	12
	<u>571</u>	<u>536</u>

	£'000	£'000
<b>Employment cost</b>		
Wages and salaries	13,053	12,444
Social security costs	1,274	1,209
Other pension costs	341	386
Share-based payments	32	36
	<u>14,700</u>	<u>14,075</u>

## MITIE BUSINESS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### 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 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, a performance condition must be satisfied, the performance condition is linked to the percentage growth in earnings per share over a three-year period.

##### The MITIE Group PLC 2001 Savings Related share option scheme

The SAYE scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the scheme are issued. For options granted prior to September 2008, the vesting period is five years. For options granted in September 2008 and thereafter, the vesting period is three years. If the options remain unexercised after a period of six months from the date of vesting, the options expire. Options may be forfeited if the employee leaves the group.

##### 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 based on growth in earnings per share over a three-year period.

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

	2012		2011	
	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 year	358,711	207	339,950	206
Granted during the year	40,000	228	59,905	211
Forfeited during the year	(29,301)	210	(16,294)	216
Transferred (to)/from Group subsidiaries during the year	2,256	202	(12,208)	243
Exercised during the year	(103,479)	191	(12,642)	138
<b>Outstanding at end of the year</b>	<b>268,187</b>	<b>216</b>	<b>358,711</b>	<b>208</b>
<b>Exercisable at end of year</b>	<b>94,069</b>	<b>220</b>	<b>75,978</b>	<b>226</b>

**MITIE BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**SHARE-BASED PAYMENTS (continued)**

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

	2012 £'000	2011 £'000
2001 Executive share options	17	26
2001 Savings Related share options	15	10
Long-term incentive plan scheme (LTIP)	-	-
	<u>32</u>	<u>36</u>

	2012	2011
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The weighted average share price at the date of exercise for share options exercised during the year was (p)

191	196
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The options outstanding at the year-end had a weighted average price of (p)

216	207
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The options outstanding at the year-end had a weighted average remaining contractual life of (years)

<u>-</u>	<u>5</u>
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The company granted options in the period as detailed below

Share scheme	Fair value £'000
2001 Executive share options	<u>12</u>

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

	2012	2011
Share price (p)	191-243	191-230
Exercise price (p)	0-254	0-254
Expected volatility (%)	28-36	28-36
Expected life (years)	3-6	40,974
Risk-free rate (%)	1.48-5.25	1.49-5.25
Expected dividends (%)	2.22-4.10	2.22-3.93

**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 37 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £17.2 million (2011 deficit of £3 million).

Employer contributions to the scheme for the period are shown in note 17. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2011 17.5%).

## MITIE BUSINESS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### 20 RELATED PARTY TRANSACTIONS

Set out below are the related party transactions. The company has taken the exemption available under FRS 8 not to disclose transactions with other wholly-owned subsidiaries of MITIE Group PLC. There were no transactions with entities other than members of MITIE Group PLC which require disclosure under FRS 8.

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
MITIE Client Services Ltd	Sales	2	-	(232)	-
MITIE Cleaning & Environmental Services Ltd	Sales	1,729	1,228	(178)	94
MITIE Security (London) Ltd	Sales	96	-	22	-
MITIE Client Services Ltd	Purchases	(18)	(7)	-	(141)
MITIE Cleaning & Environmental Services Ltd	Purchases	(1,370)	-	-	-
MITIE Pest Control (London) Ltd	Purchases	(3)	(1)	-	-
MITIE Security Ltd	Purchases	(137)	(125)	(34)	(25)
MITIE Security (London) Ltd	Purchases	(241)	(562)	-	1
MITIE Interiors Ltd	Purchases	(2)	-	-	-

#### 21 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

MITIE Facilities Services Limited is the immediate controlling party and the directors regard MITIE Group PLC, a company registered in Scotland, as the ultimate parent company and controlling party. MITIE Facilities Services Limited is the smallest group and MITIE Group PLC the 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.