

Company Registration Number 04052003

MITIE SECURITY SYSTEMS LIMITED

Report and Financial Statements

Year ended 31 March 2012

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MITIE SECURITY SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2012

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MITIE SECURITY SYSTEMS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J S Tomlin

R D Forsyth
M A Freeman

SECRETARY

MITIE Company Secretarial Services Limited

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

Barclays Bank PLC
Park House
Newbrck Road
Stoke Gifford
Bristol
BS34 8TN

AUDITOR

Deloitte LLP
London

MITIE SECURITY SYSTEMS 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

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- 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 subsidiary of MITIE Group PLC (the 'Group'). The company's principal activity is the installation of electronic security systems and the provision of service and maintenance packages for electronic security systems. 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 in the immediate future.

As shown in the company's profit and loss account, the loss after tax was £261,000 (2011 profit after tax of £32,000). The balance sheet shows that the company's financial position has deteriorated since last year although the company's cash position has improved with the overdraft reducing to £1,060,000 (2011 £1,602,000).

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:

Ordinary shares: £0 per share (2011: £0)

PRINCIPAL RISKS AND UNCERTAINTIES

Loss of major customers is a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers whilst also expanding its customer base. 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 has liabilities and net current liabilities. The company is therefore reliant on the support of MITIE Group PLC to meet its liabilities as they fall due. The directors have considered the forecast and budgeted profit and associated cash flows for the foreseeable future. The directors have considered the facilities available to the entity, along with the support afforded to it by MITIE Group PLC, 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 34 days (2011: 23 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:

S C Baxter (Resigned 01 February 2012)

J P Flanagan (Resigned 26 March 2012)

N R Goodman (Resigned 30 March 2012)

R McGregor-Smith (Resigned 01 February 2012)

J S Tomlin

S J Trimmer (Resigned 26 March 2012)

R D Forsyth (Appointed 26 March 2012)

M A Freeman (Appointed 26 March 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 SECURITY SYSTEMS LIMITED

We have audited the financial statements of MITIE Security Systems 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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other 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 or 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.

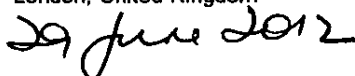


Colin Hudson FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom



PROFIT AND LOSS ACCOUNT
Year ended 31 March 2012

	Note	2012 £'000	2011 £'000
TURNOVER	1	5,827	6,405
Cost of sales		(4,703)	(5,127)
GROSS PROFIT		1,124	1,278
Administration expense		(1,386)	(1,176)
OPERATING (LOSS)/PROFIT	2	(262)	102
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(262)	102
Interest payable and similar charges	3	(42)	(46)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(304)	56
Tax credit/(charge) on (loss)/profit on ordinary activities	4	43	(24)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	13	(261)	32

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
FIXED ASSETS					
Tangible assets	6		<u>136</u>		<u>178</u>
			136		178
- CURRENT ASSETS					
Stocks	7	16		9	
Debtors					
- due within one year	8	<u>1,675</u>		<u>2,293</u>	
		1,691		2,302	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(2,933)</u>		<u>(3,325)</u>	
NET CURRENT LIABILITIES			<u>(1,242)</u>		<u>(1,023)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,106)		(845)
CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR	10		(1)		(1)
NET LIABILITIES			<u>(1,107)</u>		<u>(846)</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	12		102		102
Share premium account	13		-		-
Profit and loss account	13		(1,209)		(948)
SHAREHOLDERS' DEFICIT	14		<u>(1,107)</u>		<u>(846)</u>

The financial statements of MITIE Security Systems Limited, company registered number 04052003, 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 SECURITY SYSTEMS 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.

Investments

Investments held as fixed assets are stated at cost less provision 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:

Leasehold improvements: Lease term

Motor Vehicles: 2 to 4 years

Plant & Machinery: 3 to 10 years

Operating leases

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

Finance leases

Assets held under hire purchase arrangements, which confer rights and obligations similar to those attached to current assets, are capitalised as tangible fixed assets and depreciated over the shorter of the lease terms and useful lives. The capital elements of future hire purchase obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to provide a constant rate of charge on the balance of capital repayments outstanding.

Stock

Stocks and work in progress are valued at the lower of cost or net realisable value.

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

ACCOUNTING POLICIES (continued)

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.

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.

Group accounts

Consolidated group accounts are not prepared as the group has taken advantage of the exemption from this requirement, conferred by Financial Reporting Standard 2 and Section 400 of the Companies Act 2006, on the grounds that its accounts are consolidated in the larger group of MITIE Group PLC. Accordingly, the financial statements present information about the company as an entity and not as a group.

Cashflow statement

The company has taken the exemption from the requirement to prepare a cashflow 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.

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

2 OPERATING (LOSS)/PROFIT

	2012 £'000	2011 £'000
Operating (Loss)/Profit is stated after charging/(crediting)		
Loss/(profit) on disposal of fixed assets	5	(4)
Depreciation of tangible fixed assets		
owned	25	36
held under finance leases and hire purchase contracts	36	37
Operating lease rentals		
plant and machinery	96	107
other	109	98

Audit fees of £5,000 (2011 £5,000) were borne by MITIE Security Limited 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

3 INTEREST

	2012 £'000	2011 £'000
Interest payable and similar charges		
Bank interest	42	46
	<u>42</u>	<u>46</u>

4 TAX ON LOSS/PROFIT ON ORDINARY ACTIVITIES

	2012 £'000	2011 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 26% (2011 28%)	(69)	15
Adjustment in respect of prior years	1	4
Total current tax (Note 4(b))	<u>(68)</u>	<u>19</u>
Deferred taxation		
Timing differences - origination and reversal	(9)	3
Adjustment in respect of prior years	34	2
Tax on profit on ordinary activities	<u>(43)</u>	<u>24</u>

MITIE SECURITY SYSTEMS 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
(Loss)/profit on ordinary activities before tax	(304)	56
	£'000	£'000
Tax at 26% (2011 28%) thereon	(79)	16
Expenses not deductible for tax purposes	1	(3)
Differences between capital allowances and depreciation	9	1
Utilisation of tax losses	-	-
Other timing differences	-	1
Adjustments to tax charge in respect of prior periods	1	4
Current tax charge for the year (Note 4(a))	(68)	19

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	(2)	23
Share based payment timing difference	-	-
Other timing differences	1	1
	(1)	24
	£'000	£'000
Amount charged to the profit and loss account in the year in relation to deferred tax	25	5

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

5 INVESTMENTS

		2012 £'000	2011 £'000
Investments at	1 April 2011	-	-
Investments at	31 March 2012	-	-

The investments balance at 31 March 2012 represented interests in the following companies

Name of subsidiary	Principal Activity	Class of shares held	Percentage of shares and voting rights held	Country of incorporation
C-tech Associated Limited	Dormant	Ordinary	100%	England & Wales

6 TANGIBLE ASSETS

	Leasehold improvements £'000	Motor Vehicles £'000	Plant & Machinery £'000	Total £'000
Cost or valuation				
At 1 April 2011	14	244	97	355
Additions	5	22	6	33
Disposals	-	(48)	-	(48)
At 31 March 2012	19	218	103	340
Depreciation				
At 1 April 2011	2	120	55	177
Charge for the year	4	43	14	61
Disposals	-	(34)	-	(34)
At 31 March 2012	6	129	69	204
Net book value				
At 31 March 2012	13	89	34	136
At 31 March 2011	12	124	42	178
Leased assets included above				
Net book value				
At 31 March 2012	-	60	-	60
At 31 March 2011	-	103	-	103

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

7 STOCKS

	2012	2011
	£'000	£'000
Finished goods	16	9
	<u>16</u>	<u>9</u>

8 DEBTORS

	2012	2011
	£'000	£'000
Amounts falling due within one year		
Trade debtors	787	1,185
Amounts recoverable on contracts	222	145
Amounts owed by Group undertakings	364	638
Other debtors	16	-
Prepayments and accrued income	245	287
Corporation tax	41	14
Deferred tax asset	-	24
	<u>1,675</u>	<u>2,293</u>

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£'000	£'000
Bank loans and overdrafts	1,060	1,602
Trade creditors	531	338
Amounts owed to Group undertakings	657	330
Other taxation and social security	114	237
Other creditors	337	-
Accruals and deferred income	233	818
Deferred tax liability	1	-
	<u>2,933</u>	<u>3,325</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£'000	£'000
Obligations under finance leases	1	1
	<u>1</u>	<u>1</u>

11 FINANCE LEASES

	2012	2011
	£'000	£'000
Amounts payable under finance leases		
- within two to five years	1	1
	<u>1</u>	<u>1</u>

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

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

12 CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'000
Allotted, called up and fully paid share capital		
102,040 £1 Ordinary shares	102	102
	<u>102</u>	<u>102</u>

13 RESERVES

	Profit and loss account £'000
At 1 April 2011	(948)
Loss for the year	(261)
At 31 March 2012	<u>(1,209)</u>

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2012 £'000	2011 £'000
(Loss)/Profit for the financial year	(261)	32
Capital contribution relating to share-based payments	-	4
(Net reduction in)/addition to shareholders' funds	<u>(261)</u>	<u>36</u>
Opening shareholders' deficit	(846)	(882)
Closing shareholders' deficit	<u>(1,107)</u>	<u>(846)</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	13	91	13	111
- between two and five years	-	124	-	262
- after five years	-	-	-	-
	<u>13</u>	<u>215</u>	<u>13</u>	<u>373</u>

Capital commitments

The company did not have any outstanding capital commitments that were not provided for at the end of the current or prior years

Performance bonds

The company has outstanding performance bonds as follows

	2012 £'000	2011 £'000
Performance bonds	<u>25</u>	<u>25</u>

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

16 DIRECTORS

	2012 £'000	2011 £'000
The emoluments of the directors of the company were		
- Aggregate emoluments	113	105
- Aggregate value of contributions paid to a money purchase pension scheme	6	6
	<u>119</u>	<u>111</u>

	2012 No.	2011 No
The number of directors who were members of a defined contribution pension scheme	1	-

	2012 £'000	2011 £'000
Highest paid director:		
- Aggregate emoluments	113	105
- Aggregate value of contributions paid to a money purchase pension scheme	6	6
	<u>119</u>	<u>111</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
S C Baxter	MITIE Group PLC
J P Flanagan	MITIE Group PLC
N R Goodman	MITIE Group PLC
R McGregor-Smith	MITIE Group PLC
J S Tomlin	MITIE Security Limited
R D Forsyth	MITIE Security Limited
M A Freeman	MITIE Facilities Services Limited

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

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	33	35
Administration	16	15
	<u>49</u>	<u>50</u>
Employment cost	£'000	£'000
Wages and salaries	1,655	1,572
Social security costs	229	188
Other pension costs	14	17
Share-based payments	-	4
	<u>1,898</u>	<u>1,781</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 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.

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

SHARE-BASED PAYMENTS (continued)

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	47,853	224	62,681	223
Granted during the year	-	-	2,841	190
Forfeited during the year	(9,463)	202	(12,478)	216
Transferred (to)/from Group subsidiaries during the year	(33,390)	232	(191)	190
Exercised during the year	(5,000)	212	(5,000)	212
Outstanding at end of the year	-	-	47,853	224
Exercisable at end of year	-	-	15,000	254

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

	2012 £'000	2011 £'000
2001 Executive share options	-	1
2001 Savings Related share options	-	3
Long-term incentive plan scheme (LTIP)	-	-
	-	4
	2012	2011
The weighted average share price at the date of exercise for share options exercised during the year was (p)	224	235
The options outstanding at the year-end had a weighted average price of (p)	-	224
The options outstanding at the year-end had a weighted average remaining contractual life of (years)	-	6

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

SHARE-BASED PAYMENTS (continued)

The company granted options in the period as detailed below

Share scheme	Fair value £'000
ESOS	3

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 to 243	191 to 230
Exercise price (p)	0 to 254	0 to 254
Expected volatility (%)	28 to 36	28 to 36
Expected life (years)	3 to 6	3 to 6
Risk-free rate (%)	1.48 to 5.25	1.49 to 5.25
Expected dividends (%)	2.22 to 4.10	2.22 to 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 SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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 Security Limited	Management charge	102	160	-	-
MITIE Security Limited	Rent	60	60	-	-
MITIE Security Limited	Goods and services sold	1,223	1,992	66	359
MITIE Security (London) Limited	Goods and services sold	48	51	1	1
MITIE Limited	Goods and services sold	-	-	-	1
MITIE Cleaning & Support Services Limited	Goods and services sold	1	6	-	10
MITIE Client Services Limited	Goods and services sold	21	27	-	-
MITIE Engineering Services Limited	Goods and services sold	22	(3)	26	-
MITIE Facilities Services Limited	Goods and services sold	111	10	64	-
MITIE Group PLC	Goods and services sold	6	118	-	1
MITIE Managed Services Limited	Goods and services sold	19	7	-	2
MITIE PFI Limited	Goods and services sold	60	28	10	12
MITIE Technical Facilities Management Limited	Goods and services sold	645	123	180	234
MITIE Property Services Limited	Goods and services sold	10	1	-	18
MITIE Property Investments Limited	Goods and services sold	20	24	1	-
MITIE Infrastructure Limited	Goods and services sold	-	(13)	-	-
MITIE Engineering Management Limited	Goods and services sold	-	-	-	-
MITIE Built Environment Limited	Goods and services sold	8	-	-	-
MITIE Cleaning & Environmental Services Limited	Goods and services sold	8	-	-	-
MITIE Facilities Management Limited	Goods and services sold	8	-	10	-

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

RELATED PARTY TRANSACTIONS (continued)

MITIE Landscapes Limited	Goods and services sold	17	-	-	-
MITIE Security Limited	Goods and services purchased	217	449	-	52
MITIE Security (London) Limited	Goods and services purchased	2	38	-	-
MITIE Technical Facilities Management Limited	Goods and services purchased	156	319	-	25
MITIE Document Solutions Limited	Goods and services purchased	1	-	-	-
MITIE Engineering Services Limited	Goods and services purchased	-	-	-	-
MITIE PFI Limited	Goods and services purchased	-	1	-	-
MITIE Property Services Limited	Goods and services purchased	64	36	-	-
Cole Motors	Goods and services purchased	1	-	-	-

21 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's immediate and ultimate parent undertaking 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.