

Company Registration Number 04052003

MITIE SECURITY SYSTEMS LIMITED

Report and Financial Statements

Year ended 31 March 2013

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MITIE SECURITY SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2013

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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. On 1 November 2012, MITIE Security Systems Limited transferred its entire assets and trade to MITIE Security Limited at net book value and ceased to trade. The company is now dormant, and therefore these accounts are prepared on a basis other than as a going concern.

As shown in the company's profit and loss account, the profit after tax was £1,126,000 (2012 loss after tax £261,000), however £1,248,000 shown under 'Other operating income' relates to the profit on disposal of the business which was sold for £1 with net liabilities of £1,248,000. The underlying trading result for the 7 months excluding the one off profit on disposal was therefore a loss of £122,000, which is comparable to the business performance in the 12 months of 2012 which was a loss of £261,000.

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 (2012: £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

As explained above, the company transferred its trade, assets and liabilities to MITIE Security Limited in the year and has ceased trading. As required by FRS 18 Accounting policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to MITIE Security Limited at fair value.

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 2013, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 0 days (2012: 34 days).

ENVIRONMENT

MITIE Group PLC and its subsidiaries endeavour to identify, monitor and manage the impact of their activities on the environment and are fully committed to environmental accountability and protection. The company operates in accordance with Group policies, which are described in 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:

J S Tomlin
R D Forsyth
M A Freeman

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

27/06/13

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 2013 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 2013 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.



Judith Tacon (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 June 2013

MITIE SECURITY SYSTEMS LIMITED
PROFIT AND LOSS ACCOUNT
Year ended 31 March 2013

	Note	2013 £'000	2012 £'000
TURNOVER	1	2,519	5,827
Cost of sales		<u>(1,773)</u>	<u>(4,703)</u>
GROSS PROFIT		746	1,124
Other operating income		1,248	-
Administration expense		<u>(908)</u>	<u>(1,386)</u>
OPERATING PROFIT/(LOSS)	2	1,086	(262)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>1,086</u>	<u>(262)</u>
Interest payable and similar charges	3	<u>(22)</u>	<u>(42)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,064	(304)
Tax credit on profit/(loss) on ordinary activities	4	63	43
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	<u>1,127</u>	<u>(261)</u>

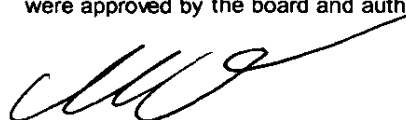
The results for the period are wholly attributable to the discontinued operations of the company

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.

MITIE SECURITY SYSTEMS LIMITED
BALANCE SHEET
As at 31 March 2013

		2013		2012	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		-		136
			-		136
CURRENT ASSETS					
Stocks	7	-		16	
Debtors					
- due within one year	8	20		1,675	
		20		1,691	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	9	-		(2,933)	
NET CURRENT ASSETS/(LIABILITIES)			20		(1,242)
TOTAL ASSETS LESS CURRENT LIABILITIES			20		(1,106)
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		-		(1)
NET ASSETS			20		(1,107)
SHARE CAPITAL AND RESERVES					
Called up share capital	12		102		102
Profit and loss account	13		(82)		(1,209)
SHAREHOLDERS' FUNDS/(DEFICIT)	14		20		(1,107)

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

27/06/13

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

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

Plant and Machinery: 3 to 10 years

Motor vehicles: 2 to 4 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

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

Long-term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long term contract balances in stock.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

ACCOUNTING POLICY DISCLOSURE (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.

Where the company can separately identify its share of the underlying assets and liabilities of any defined benefit schemes to which it contributes, the company accounts for these schemes as required by FRS 17 with the cost of providing benefits determined using the Projected Unit Credit Method, based on actuarial valuations carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Where the scheme is fully funded no asset or liability is recognised in the balance sheet.

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, 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.

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.

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

2. OPERATING PROFIT/(LOSS)

	2013 £'000	2012 £'000
Operating Profit/(Loss) is stated after charging		
Loss on disposal of fixed assets	4	5
Depreciation of tangible fixed assets		
owned	13	25
held under finance leases and hire purchase contracts	16	36
Operating lease rentals		
plant and machinery	77	96
other	50	109

Audit fees of £5,000 (2012 £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

	2013 £'000	2012 £'000
Interest payable and similar charges		
Bank interest	22	42
	<u>22</u>	<u>42</u>

4 TAX ON LOSS ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 24% (2012 26%)	(38)	(69)
Adjustment in respect of prior years	(4)	1
Total current tax (Note 5(b))	<u>(42)</u>	<u>(68)</u>
Deferred taxation		
Timing differences - origination and reversal	(6)	(9)
Adjustment in respect of prior years	(15)	34
Tax on profit on ordinary activities	<u>(63)</u>	<u>(43)</u>

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

TAX DISCLOSURE (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 24% (2012 26%) The differences are as follows

	£'000	£'000
Loss on ordinary activities before tax	(184)	(304)
	£'000	£'000
Tax at 24% (2012 26%) thereon	(44)	(79)
Expenses not deductible for tax purposes	-	1
Differences between capital allowances and depreciation	6	9
Utilisation of tax losses	-	-
Adjustments to tax charge in respect of prior periods	(4)	1
Current tax charge for the year (Note 4(a))	(42)	(68)

The UK Government announced a reduction in the UK corporation tax rate from 24% to 23% from 1 April 2013, which was substantively enacted on 3 July 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 3% down to 20% by 1 April 2015 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)
Share-based payment timing difference	-	-
Other timing differences	-	1
	(1)	
	£'000	£'000
Amount (credited)/charged to the profit and loss account in the year in relation to deferred tax	(21)	25

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

5 INVESTMENTS

	2013 £'000	2012 £'000
Investments at 1 April 2012	-	-
Investments at 31 March 2013	-	-

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 Associates Limited	Dormant	Ordinary	100%	England & Wales
The company has taken advantage of Section 400 of the Companies Act 2006 and therefore no consolidated financial statements have been prepared				

On 24 July 2012, C-tech Associates Limited was struck off by the Registrar of Companies at the request of the directors as it was no longer trading

6 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Plant and Machinery £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2012	19	103	218	340
Additions	-	1	-	1
Disposals	-	-	(35)	(35)
Transfers out to group companies	(19)	(104)	(183)	(306)
At 31 March 2013	-	-	-	-
Depreciation				
At 1 April 2012	6	69	129	204
Charge for the year	1	9	19	29
Disposals	-	-	(25)	(25)
Transfers out to group companies	(7)	(78)	(123)	(208)
At 31 March 2013	-	-	-	-
Net book value				
At 31 March 2013	-	-	-	-
At 31 March 2012	13	34	89	136
Leased assets included above				
Net book value				
At 31 March 2013	-	-	-	-
At 31 March 2012	-	-	-	-

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

7 STOCKS

	2013 £'000	2012 £'000
Finished goods	-	16
	<u>-</u>	<u>16</u>

8. DEBTORS

	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade debtors	-	787
Amounts recoverable on contracts	-	222
Amounts owed by Group undertakings	20	364
Other debtors	-	16
Prepayments and accrued income	-	245
Corporation tax	-	41
	<u>20</u>	<u>1,675</u>

9 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Bank loans and overdrafts	-	1,060
Trade creditors	-	531
Amounts owed to Group undertakings	-	657
Other taxation and social security	-	114
Other creditors	-	337
Accruals and deferred income	-	233
Deferred tax liability	-	1
	<u>-</u>	<u>2,933</u>

10 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £'000	2012 £'000
Obligations under finance leases	-	1
	<u>-</u>	<u>1</u>

11 FINANCE LEASES

	2013 £'000	2012 £'000
Amounts payable under finance leases		
- within two to five years	-	1
	<u>-</u>	<u>1</u>

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

12 CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Allotted, called up and fully paid share capital		
102,040 £1 Ordinary shares	102	102
	<u>102</u>	<u>102</u>

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

13 RESERVES

	Profit and loss account £'000
At 1 April 2012	(1,209)
Profit for the financial year	1,127
At 31 March 2013	<u>(82)</u>

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2013 £'000	2012 £'000
Profit/(Loss) for the financial year	1,127	(261)
Net addition to/(reduction in) shareholders' funds	1,127	(261)
Opening shareholders' deficit	(1,107)	(846)
Closing shareholders' funds/(deficit)	<u>20</u>	<u>(1,107)</u>

15 FINANCIAL COMMITMENTS

The company had no commitments in respect of operating leases at the end of the current or prior year

Capital commitments

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

Commitments on behalf of group undertakings

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

	2013 £'000	2012 £'000
Overall commitment	<u>-</u>	<u>-</u>

16 DIRECTORS

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 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 2013

17 EMPLOYEES

Average employee numbers

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

	2013 No	2012 No
Operations	23	33
Administration	14	16
	<u>37</u>	<u>49</u>
Employment cost	£'000	£'000
Wages and salaries	732	1,655
Social security costs	55	229
Other pension costs	-	14
	<u>787</u>	<u>1,898</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.

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.

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

SHARE BASED PAYMENTS (continued)

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

	2013		2012	
	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
Forfeited during the year	-	-	(9,463)	202
Transferred (to)/from Group subsidiaries during the year	-	-	(33,390)	232
Exercised during the year	-	-	(5,000)	212
Outstanding at end of the year	-	-	-	-
Exercisable at end of year	-	-	-	-

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

	2013 £'000	2012 £'000
2001 Executive share options	-	-
2001 Savings Related share options	-	-
Long-term incentive plan scheme (LTIP)	-	-
	-	-
	2013	2012

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

- 224

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

- -

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

- -

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

	2013	2012
Share price (p)	198 to 274	191 to 243
Exercise price (p)	0 to 254	0 to 254
Expected volatility (%)	32 to 35	28 to 36
Expected life (years)	3 to 5	3 to 6
Risk-free rate (%)	0.55 to 2.42	1.48 to 5.25
Expected dividends (%)	3.30 to 4.10	2.22 to 4.10

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.

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

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 35 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £29.7 million (2012 deficit of £17.2 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% (2012 18.5%).

20 RELATED PARTY TRANSACTIONS

Set out below are the related party transactions.

KEY:

TRS = Trading related sales

TRP = Trade related purchases

ICB = Inter-company balance

DICB = Dormant inter-company balance

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
MITIE Security Limited	TRP	521	102	19	-
MITIE Security Limited	TRS	284	1,283	-	66
MITIE Security (London) Limited	TRS	-	48	-	1
MITIE Cleaning and Support Services Limited	TRS	-	1	-	-
MITIE Client Services Limited	TRS	18	21	-	-
MITIE Engineering Services Limited	TRS	-	22	-	26
MITIE Facilities Services Limited	TRS	141	111	-	64
MITIE Group PLC	TRS	3	6	-	-
MITIE Managed Services Limited	TRS	5	19	-	-
MITIE PFI Limited	TRS	46	60	-	10
MITIE Technical Facilities Management Limited	TRS	482	645	-	180
MITIE Property Services Limited	TRS	23	10	-	-
MITIE Shared Services Limited	TRS	20	20	-	1
MITIE Built Environment Limited	TRS	-	8	-	-
MITIE Cleaning & Environmental Services Limited	TRS	2	8	-	-
MITIE Facilities Management Limited	TRS	-	8	-	10
MITIE Landscapes Limited	TRS	6	17	-	-
MITIE Shared Services Limited	TRS	4	-	-	-
MITIE Security Limited	TRP	23	217	-	-
MITIE Security (London) Limited	TRP	-	2	-	-
MITIE Technical Facilities Management Limited	TRP	48	156	-	-
MITIE Document Solutions Limited	TRP	-	1	-	-
MITIE Property Services Limited	TRP	36	64	-	-
Cole Motors Limited	TRP	-	1	-	-

MITIE SECURITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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21 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

MITIE Secunty Holdings 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 Group PLC is the largest and smallest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.