

Company Registration Number 4572066

MITE MANAGED SERVICES  
(SOUTHERN) LIMITED

Report and Financial Statements

Year ended 31 March 2011

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**MITIE MANAGED SERVICES (SOUTHERN) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2011**

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**MITIE MANAGED SERVICES (SOUTHERN) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

S C Baxter  
J P Flanagan  
R McGregor-Smith  
A J Saunders

**SECRETARY**

MITIE Company Secretarial Services Limited

**REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emersons Green  
Bristol  
BS16 7FH

**BANKERS**

HSBC Bank Plc  
62 George White Street  
Cabot Circus  
Bristol  
BS1 3BA

**AUDITOR**

Deloitte LLP  
Bristol

## MITIE MANAGED SERVICES (SOUTHERN) 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.

## **Directors Report continued .**

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

The company is a wholly owned subsidiary of MITIE Group PLC (the 'Group'). The principal activity of the company is the management and provision of business support services. 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.

The majority of the overhead costs relating to the management team are borne by the parent company, MITIE Facilities Services Limited. As shown in the company's profit and loss account, the company's sales have decreased by 25.9% over the prior year and profit after tax has decreased by 36.5% to £1,028m. This is due to contracts coming to an end, any new business is traded within the Parent Company MITIE Facilities Services Limited.

The balance sheet on page 10 of the financial statements shows that the company's financial position at the year-end has, in net asset terms, improved on the prior year.

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 were declared as follows:

Ordinary Shares: £811,000 (£16.22 per share), 2010: £1,000,000 (£20.00 per share)

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Loss of key customers is a key risk to the business. The company manages this risk by maintaining strong relationships with these customers. Group risks are discussed in the Group's annual report which does not form part of this report.

### **FINANCIAL RISK MANAGEMENT**

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

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

## **Directors Report continued. .**

### **GOING CONCERN**

The company was profitable in the year. The directors have considered the forecasts and budgeted profit and associated cash flows for the coming five years. 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 2011, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 13 days (2010: 16 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 Report continued .**

**DIRECTORS**

The directors during the year and subsequently were as follows

S C Baxter

J P Flanagan

R McGregor-Smith

A J Saunders

**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 have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



S C Baxter  
Director

11 July 2011

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE MANAGED SERVICES (SOUTHERN) LIMITED**

We have audited the financial statements of MITIE Managed Services (Southern) Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 2011 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.



**Audit Report continued .**

**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

- 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

*Nigel Thomas .*

**Nigel Thomas (Senior statutory auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditor

Bristol, United Kingdom

*11 July 2011 .*

**MITIE MANAGED SERVICES (SOUTHERN) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2011

	Note	2011 £'000	2010 £'000
<b>TURNOVER</b>	1	13,949	18,824
Cost of sales		<u>(12,591)</u>	<u>(16,769)</u>
<b>GROSS PROFIT</b>		1,358	2,055
Other operating income		3	89
<b>OPERATING PROFIT, BEING PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>	2	<u>1,361</u>	<u>2,144</u>
Interest receivable and similar income	3	83	39
Interest payable and similar charges	3	<u>(3)</u>	<u>(5)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,441	2,178
Tax charge on profit on ordinary activities	5	(413)	(558)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	10	<u>1,028</u>	<u>1,620</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.

**MITIE MANAGED SERVICES (SOUTHERN) LIMITED****BALANCE SHEET**

As at 31 March 2011

		2011		2010	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		64		100
			64		100
<b>CURRENT ASSETS</b>					
Debtors					
- due within one year	7	2,603		7,535	
Cash at bank and in hand		8,031		7,961	
		10,634		15,496	
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(6,025)		(11,140)	
<b>NET CURRENT ASSETS</b>			4,609		4,356
<b>TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS</b>			4,673		4,456
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	10		50		50
Share premium account	11		-		-
Capital redemption reserve	10		2,611		2,611
Profit and loss account	11		2,012		1,795
<b>SHAREHOLDERS' FUNDS</b>	12		4,673		4,456

The financial statements of MITIE Managed Services (Southern) Limited, company registered number 4572066, were approved by the board and authorised for issue on 11 July 2011



S C Baxter  
Director

## **MITIE MANAGED SERVICES (SOUTHERN) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

#### **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.

##### **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:

Plant and machinery 5 years

Office equipment 0 to 5 years

Motor vehicles 0 to 4 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 MANAGED SERVICES (SOUTHERN) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

#### 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 contribution payable in the year.

##### Share-based payment

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.

##### Operating income

Operating income represents management charges receivable from other group companies. Operating income from the supply of management services represents the value of services provided to the extent that there is a right to consideration and is recorded at the value of the consideration due.

## 2. OPERATING PROFIT

	2011 £'000	2010 £'000
<b>Operating profit is stated after charging</b>		
Loss on disposal of fixed assets	2	1
Depreciation of tangible fixed assets owned	33	44

Audit fees of £9,000 (2010: £9,000) were borne by MITIE Facilities Services 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.

**MITIE MANAGED SERVICES (SOUTHERN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

**3. INTEREST**

	2011 £'000	2010 £'000
<b>Interest receivable and similar income</b>		
Bank interest	83	39
	<u>83</u>	<u>39</u>
<b>Interest payable and similar charges</b>	£'000	£'000
Bank interest	3	5
	<u>3</u>	<u>5</u>

**4. DIVIDENDS**

The dividends approved and paid in the year are as follows

	2011 £'000	2010 £'000
Ordinary Shares	<u>811</u>	<u>1,000</u>

# MITIE MANAGED SERVICES (SOUTHERN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax at 28% (2010 28%)	403	609
Adjustment in respect of prior years	1	(47)
Total current tax (note 5(b))	<u>404</u>	<u>562</u>
Deferred taxation		
Timing differences - origination and reversal	3	(4)
Adjustment in respect of prior years	6	-
Tax on profit on ordinary activities	<u>413</u>	<u>558</u>

#### (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 28% (2010 28%) The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	<u>1,441</u>	<u>2,178</u>
	£'000	£'000
Tax at 28% (2010 28%) thereon	403	610
Differences between capital allowances and depreciation	3	1
Higher tax rates on overseas earnings	-	(1)
Relief in respect of employee share	(4)	-
Other timing differences	1	(1)
Adjustments to tax charge in respect of prior periods	1	(47)
<b>Current tax charge for the year (Note 5 (a))</b>	<u>404</u>	<u>562</u>

The forthcoming changes in the corporation tax rate from 28% to 23% in future years will not materially affect the future tax charge

The deferred tax balance comprises the following

	£'000	£'000
Depreciation in excess of capital allowances	10	7
Share-based payment timing difference	1	7
Other timing differences	-	6
	<u>11</u>	<u>20</u>
	£'000	£'000

Amount charged/(credited) to the profit and loss account in the year in relation to deferred tax

	<u>9</u>	<u>(4)</u>
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# MITIE MANAGED SERVICES (SOUTHERN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 6 TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2010	209	60	111	380
Disposals	(17)	-	-	(17)
<b>At 31 March 2011</b>	<b>192</b>	<b>60</b>	<b>111</b>	<b>363</b>
<b>Depreciation</b>				
At 1 April 2010	165	60	55	280
Charge for the year	20	-	13	33
Disposals	(14)	-	-	(14)
<b>At 31 March 2011</b>	<b>171</b>	<b>60</b>	<b>68</b>	<b>299</b>
<b>Net book value</b>				
<b>At 31 March 2011</b>	<b>21</b>	<b>-</b>	<b>43</b>	<b>64</b>
At 31 March 2010	44	-	56	100

### 7 DEBTORS

	2011 £'000	2010 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	2,032	5,833
Amounts owed by Group undertakings	155	869
Other debtors	26	35
Prepayments and accrued income	379	778
Deferred tax asset	11	20
	<b>2,603</b>	<b>7,535</b>

### 8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Obligations under finance leases and hire purchase contracts	1	-
Trade creditors	418	517
Amounts owed to Group undertakings	5,003	6,959
Corporation tax	38	159
Other taxation and social security	339	1,360
Other creditors	2	163
Accruals and deferred income	224	1,982
	<b>6,025</b>	<b>11,140</b>

### 9 FINANCE LEASES AND LOANS

	2011 £'000	2010 £'000
<b>Amounts payable under finance leases</b>		
- within one year	1	-
	<b>1</b>	<b>-</b>

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



# MITIE MANAGED SERVICES (SOUTHERN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 10 CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
<b>Allotted, called up and fully paid share capital</b>		
50,000 £1 Ordinary Shares	50	50
	<u>50</u>	<u>50</u>

### 11. RESERVES

	Capital redemption reserve £'000	Profit and loss account £'000
At 1 April 2010	2 611	1 795
Profit for the financial year	-	1,028
Dividends	-	(811)
<b>At 31 March 2011</b>	<u>2,611</u>	<u>2,012</u>

### 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Profit for the financial year	1,028	1,620
Dividends paid on equity shares	(811)	(1,000)
Capital contribution relating to share-based payments	-	3
<b>Net addition to shareholders' funds</b>	<u>217</u>	<u>623</u>
Opening shareholders' funds	4,456	3,833
<b>Closing shareholders' funds</b>	<u>4,673</u>	<u>4,456</u>

### 13 FINANCIAL COMMITMENTS

#### Commitments on behalf of group undertakings

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

	2011 £'000	2010 £'000
Overall commitment	<u>195,300</u>	<u>109,000</u>

## MITIE MANAGED SERVICES (SOUTHERN) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

#### 14. DIRECTORS

The following directors are also directors 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 of other group companies.

Director	Remunerated by
S C Baxter	MITIE Group PLC
R McGregor-Smith	MITIE Group PLC
A J Saunders	MITIE Managed Services Limited
J P Flanagan	MITIE Group PLC

#### 15. EMPLOYEES

##### Average employee numbers

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

	2011 No	2010 No
Operations	44	104
	<u>44</u>	<u>104</u>
<b>Employment cost</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	2,778	4,384
Social security costs	204	353
Other pension costs	43	61
Share-based payments	-	3
	<u>3,025</u>	<u>4,801</u>

#### 16. 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, the performance condition that must be satisfied is that the percentage growth in the earnings per share over a three-year period must be equal or greater than 10.0% per annum compound in respect of awards prior to July 2007 and 4.0% above the Retail Price Index per annum thereafter.

## MITIE MANAGED SERVICES (SOUTHERN) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

#### Share-Based Payments continued. .

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

The Savings Related share option scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the Scheme are issued. 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 July 2007 following shareholder approval at the AGM. 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 of between 5.0% and 14.0% above the Retail Price Index per annum compound growth in earnings per share over a three-year period.

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

	2011		2010	
	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	84,494	200	66,669	197
Granted during the year	-	-	19,776	208
Forfeited during the year	(22,507)	204	(1,951)	165
Transferred (to)/from Group subsidiaries during the year	(26,403)	220	5,000	162
Exercised during the year	(25,000)	181	(5,000)	162
<b>Outstanding at end of the year</b>	<b>10,584</b>	<b>190</b>	<b>84,494</b>	<b>200</b>
<b>Exercisable at end of year</b>	<b>5,000</b>	<b>191</b>	<b>22,500</b>	<b>171</b>

# MITIE MANAGED SERVICES (SOUTHERN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### Share-Based Payments continued .

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

	2011 £'000	2010 £'000
2001 Executive share options	5	-
2001 Savings Related share options	(2)	3
	<u>3</u>	<u>3</u>
	2011	2010

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

233 236

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

190 200

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

3 6

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

	2011	2010
Share price (p)	191-230	133 to 230
Exercise price (p)	0-254	120 to 254
Expected volatility (%)	28-36	27 to 36
Expected life (years)	3-6	3 to 6
Risk-free rate (%)	1.49-5.25	2.42 to 5.25
Expected dividends (%)	2.22-3.93	1.32 to 3.3

### 17 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 £3 million (2010 deficit of £6.8 million).

Employer contributions to the scheme for the period are shown in note 15. The agreed contribution rate for employee and employer contributions for the next 12 months is 17.5% (2010 17.5%).

## MITIE MANAGED SERVICES (SOUTHERN) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

#### 18. RELATED PARTY TRANSACTIONS

The company has taken the exemption available under FRS8 not to disclose transactions with other wholly owned subsidiaries of MITIE Group PLC

##### KEY

PTRS = Provision of trade related services

ICR = Intercompany recharges

Related party	Nature of transaction	Transaction amount		Year-end balance	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
MITIE Catering Services Ltd	PTRS	(222)	-	(22)	-
MITIE Cleaning & Environmental Services Ltd	ICR	-	-	(21)	-
MITIE Cleaning & Environmental Services Ltd	PTRS	(89)	(1,247)	(175)	(163)
MITIE Secunty Systems Ltd	PTRS	(13)	-	(1)	-
MITIE Secunty (London) Ltd	PTRS	(1,164)	(1,916)	(39)	-
MITIE Secunty Ltd	PTRS	(347)	(298)	(50)	(170)
MITIE Secunty Holdings Ltd	PTRS	-	-	(20)	-
MITIE Tilley Roofing Ltd	PTRS	(7)	-	(2)	-
MITIE Technical Facilities Management Ltd	PTRS	(1,950)	-	(1,348)	-
MITIE Client Services Ltd	PTRS	(5)	-	-	-
MITIE Property Services (UK) Ltd	PTRS	(13)	(1)	-	-
MITIE Property Services (Eastern) Ltd	PTRS	(2)	-	-	-
MITIE Property Services (North West) Ltd	PTRS	(2)	-	-	-
MITIE Landscapes Ltd	PTRS	-	(10)	-	(1)
MITIE Pest Control London Ltd	PTRS	(1)	(10)	-	(2)
MITIE McCartney Fire Protection Ltd	PTRS	-	(1)	-	-
MITIE Technical Facilities Management Ltd	PTRS	13	-	1	-

#### 19. 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 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.