

Company Registration Number 4957244

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

Report and Financial Statements

31 March 2009

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MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Baxter
D Freeman
J J Kavanagh
R McGregor-Smith
K Mills
I J Thompson

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

AUDITORS

Deloitte LLP
Bristol

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

DIRECTORS' REPORT

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is a wholly owned subsidiary of MITIE Group PLC (the 'Group'). The company provides installation of electrical and mechanical services in commercial, industrial and domestic premises.

The company made a decision in the year not to enter into any new contracts. In the next 12 months the directors will consider transferring the remaining trade and assets into an associated company. As a result, its financial statements have been prepared on a basis other than that of a going concern (Note 1).

As shown in the company's profit and loss account on page 6, the company's sales have decreased by 26% over the prior period. Over the same period the company has made a loss after tax of £650,295 compared to a loss after tax of £222,326 in the previous year.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has, in net assets terms, deteriorated relative to 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.

GOING CONCERN

The company made a decision in the year not to enter into any new contracts, with a view to transferring the company's trade and assets to a fellow group company within the next 12 months. The company's activities are therefore in the process of being run down. As a result, the company's financial statements have been prepared on a basis other than that of a going concern (note 1).

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

DIRECTORS' REPORT (continued)

DIVIDENDS

No final dividend was approved and paid (2008: nil) per 'A' ordinary share and (2008: nil) per 'B' ordinary share.

PRINCIPAL RISKS AND UNCERTAINTIES

Loss of key customers is a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

Group risks are discussed in the Group's annual report which does not form part of this report.

FINANCIAL RISK MANAGEMENT

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

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

PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March 2009 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 43 days (2008: 82 days).

ENVIRONMENT

MITIE Group PLC and its subsidiaries endeavour to identify, monitor and manage the impact of their activities on the environment and are fully committed to environmental accountability and protection. The company operates in accordance with Group policies, which are described in the Group's annual report which does not form part of this report.

EMPLOYEES

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their aptitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company recognises the importance of good communications and employee relationships. In each company there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purpose of the business and the commercial realities of success. Employees are encouraged to become shareholders through the Savings Related Share Option Scheme.

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors during the year and subsequently were as follows:

S C Baxter
D Freeman
J J Kavanagh
R McGregor-Smith
K Mills
G A Morgans (resigned 30 March 2009)
I J Thompson

AUDITORS

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

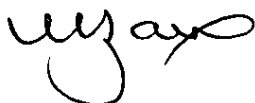
- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP.

A resolution to reappoint Deloitte LLP as the company's auditors will be proposed in the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



S C Baxter
Director

11 August 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

We have audited the financial statements of MITIE Engineering Services (West Midlands) Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

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

In forming our opinion on the financial statements, which is not qualified, 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.

DeLitta LLP

DELOITTE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

11 August 2009

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2009

	Note	Continuing operations	
		2009	2008
		£	£
TURNOVER	1	3,162,906	4,290,002
Cost of sales		(2,772,114)	(3,551,800)
GROSS PROFIT		390,792	738,202
Administrative expenses		(995,924)	(911,287)
OPERATING LOSS	2	(605,132)	(173,085)
Interest received and similar income	3	-	4,072
Interest paid and similar charges	3	(51,600)	(37,707)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(656,732)	(206,720)
Tax credit / (charge) on loss on ordinary activities	4	6,437	(15,606)
LOSS FOR THE FINANCIAL YEAR	10	(650,295)	(222,326)

There are no recognised gains and losses for the current and preceding financial period other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

BALANCE SHEET
At 31 March 2009

	Note	£	2009	£	£	2008	£
FIXED ASSETS							
Tangible assets	5		36,860			69,607	
CURRENT ASSETS							
Debtors	6	1,395,464		1,745,176			
Cash at bank and in hand		-		5			
		<u>1,395,464</u>		<u>1,745,181</u>			
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	<u>(2,304,772)</u>		<u>(2,037,724)</u>			
NET CURRENT LIABILITIES			<u>(909,308)</u>			<u>(292,543)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(872,448)</u>			<u>(222,936)</u>	
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		<u>(272)</u>			<u>(272)</u>	
NET LIABILITIES			<u>(872,720)</u>			<u>(223,208)</u>	
SHARE CAPITAL AND RESERVES							
Called up share capital	9		150,001			150,001	
Profit and loss account	10		<u>(1,022,721)</u>			<u>(373,209)</u>	
TOTAL SHAREHOLDERS' DEFICIT	11		<u>(872,720)</u>			<u>(223,208)</u>	

These financial statements were approved by the Board of Directors on 11 August 2009

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

CASH FLOW STATEMENT
Year ended 31 March 2009

	Note	2009		2008	
		£	£	£	£
Net cash outflow from operating activities	12		(907,987)		(874,822)
Returns on investments and servicing of finance					
Interest received		-		4,505	
Interest paid		(53,677)		(33,606)	
Interest element of finance lease payments		(69)		-	
Net cash outflow from returns on investments and servicing of finance			(53,746)		(29,101)
Taxation					
UK corporation tax received			23,370		57,742
Capital expenditure					
Payments to acquire tangible fixed assets		(976)		(32,073)	
Receipts from disposal of tangible fixed assets		5,300		23,280	
Net cash inflow /(outflow) from capital expenditure			4,324		(8,793)
Financing					
Capital element of finance lease rental payments			(13,053)		-
Decrease in cash in the year	14		<u>(947,092)</u>		<u>(854,974)</u>

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation and going concern

As explained in the directors' report, the company has taken the decision not to enter into any new contracts. 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.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied and contract work completed in the year. All turnover arises within the United Kingdom, from the company's principal activity.

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 office equipment	3 to 10 years
Motor vehicles	4 years

Leasing and hire purchase commitments

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

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 ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

1. ACCOUNTING POLICIES (continued)

Tax

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 by the balance sheet date. Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 contributions schemes, the amount charged to the profit and loss account is the contributions payable in the year.

Shared-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.

2. OPERATING LOSS

	2009	2008
	£	£
Operating loss is stated after charging/(crediting):		
Depreciation on owned assets	29,302	31,854
Depreciation on leased assets	3,308	301
Auditors' remuneration - audit services	4,500	3,960
Profit on disposal of tangible fixed assets	(5,300)	(1,435)

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

3. INTEREST

	2009 £	2008 £
Interest received and similar income		
Bank interest	-	361
Other interest	-	3,711
	<u>-</u>	<u>4,072</u>
Interest paid and similar charges	£	£
Bank interest	51,421	37,707
Other interest	179	-
	<u>51,600</u>	<u>37,707</u>

4. TAX (CREDIT) / CHARGE ON LOSS ON ORDINARY ACTIVITIES

	2009 £	2008 £
(a) Analysis of charge in year		
United Kingdom corporation tax at 28% (2008: 30%)	(6,114)	-
Total current tax (note 4(b))	(6,114)	-
Deferred taxation:		
Timing differences - origination and reversal	817	14,011
Adjustment in respect of prior years	(1,140)	1,595
Tax (credit) /charge on loss on ordinary activities	<u>(6,437)</u>	<u>15,606</u>

(b) Factors affecting tax credit in year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are as follows:

	£	£
Loss on ordinary activities before tax	<u>(656,732)</u>	<u>(206,720)</u>
	£	£
Tax at 28% (2008: 30%) thereon	(183,885)	(62,016)
Expenses not deductible for tax purposes	12,849	8,664
Capital allowances (greater) /less than depreciation	(835)	9,216
Relief in respect of employee share options	219	2,142
Other timing differences	-	(2,216)
Generation of tax losses	165,538	44,210
Current tax credit for the year (note 4(a))	<u>(6,114)</u>	<u>-</u>

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

4. TAX (CREDIT) / CHARGE ON LOSS ON ORDINARY ACTIVITIES (continued)

(c) Factors affecting future tax charges

The company has unutilised tax losses of £869,888 (2008: £211,922) that are available for off-set against future taxable profits. A deferred tax asset in relation to these losses has not been recognised because in the opinion of the directors there will be no suitable taxable gains available in the foreseeable future.

5. TANGIBLE FIXED ASSETS

	Plant and office equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2008	45,778	113,381	159,159
Additions	976	-	976
Disposals	(8,050)	(27,305)	(35,355)
At 31 March 2009	38,704	86,076	124,780
Depreciation			
At 1 April 2008	23,323	66,229	89,552
Charge for the year	9,087	23,523	32,610
Disposals	(8,050)	(26,192)	(34,242)
At 31 March 2009	24,360	63,560	87,920
Net book value			
At 31 March 2009	14,344	22,516	36,860
At 31 March 2008	22,455	47,152	69,607

Net book value at 31 March 2009 includes £9,716 in respect of assets acquired under finance leases (2008: £14,137).

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

6. DEBTORS	2009	2008
	£	£
Trade debtors	977,720	1,547,285
Amounts recoverable on contracts	182,266	121,286
Amounts owed by group undertakings	26,288	7,157
Other debtors	183,927	45,996
Called up share capital not paid	1	1
Deferred tax asset	23,335	23,012
Prepayments and accrued income	1,927	439
	<u>1,395,464</u>	<u>1,745,176</u>

A net deferred tax asset of £23,335 has been recognised at 31 March 2009 (2008: £23,012). This asset relates to negative accelerated capital allowances and share based payments. The amount credited to the profit and loss account in the year was £323 (2008: charge of £15,606). The directors are of the opinion that suitable profits will be available in future periods when these differences will reverse.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2009	2008
	£	£
Bank overdraft	1,829,798	882,711
Payments on account	5,847	24,565
Trade creditors	373,433	988,438
Amounts owed to group undertakings	29,545	28,296
Corporation tax	17,256	-
Other taxes and social security costs	5,047	4,130
Other creditors	-	79,310
Accruals and deferred income	43,846	30,274
	<u>2,304,772</u>	<u>2,037,724</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2009	2008
	£	£
Obligations under finance leases		
Payable in the second to fifth year inclusive	<u>272</u>	<u>272</u>

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

9. CALLED UP SHARE CAPITAL	2009 £	2008 £
Authorised		
153,000 £1 'A' ordinary shares	153,000	153,000
147,000 £1 'B' ordinary shares	147,000	147,000
100 £1 'C' ordinary shares	100	100
	<u>300,100</u>	<u>300,100</u>
	£	£
Allotted, called up and issued		
76,500 £1 'A' ordinary shares	76,500	76,500
73,500 £1 'B' ordinary shares	73,500	73,500
1 £1 'C' ordinary share	1	1
	<u>150,001</u>	<u>150,001</u>

All shares are fully paid up excluding the 'C' ordinary share.

10. PROFIT AND LOSS ACCOUNT	£
At 1 April 2008	(373,209)
Loss for the financial year	(650,295)
Capital contribution	783
At 31 March 2009	<u>(1,022,721)</u>

In the prior year the capital contribution from MITIE Group PLC was presented in a separate reserve; in the current year it is presented as part of the profit and loss account reserve.

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2009 £	2008 £
Loss for the financial year	(650,295)	(222,326)
Issue of ordinary share capital	-	1
Capital contribution	783	101
Net (reduction)/addition to shareholders' deficit	(649,512)	(222,224)
Opening shareholders' deficit	(223,208)	(984)
Closing shareholders' deficit	(872,720)	(223,208)

12. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating loss	(605,132)	(173,085)
Depreciation	32,610	32,155
Profit on disposal of tangible fixed assets	(5,300)	(1,435)
Decrease/ (increase) in debtors	350,035	(710,846)
Decrease in creditors	(680,983)	(21,712)
Share-based payment expense	783	101
Net cash outflow from operating activities	(907,987)	(874,822)

13. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2008 £	Cash flow £	At 31 March 2009 £
Cash at bank and in hand	5	(5)	-
Overdraft	(882,711)	(947,087)	(1,829,798)
	(882,706)	(947,092)	(1,829,798)
Obligations under finance leases	(272)	-	(272)
	(882,978)	(947,092)	(1,830,070)

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2009 £	2008 £
Decrease in cash in the year	(947,092)	(854,974)
Net debt at beginning of year before obligations under finance leases	(882,706)	(27,732)
Net debt at end of year before obligations under finance leases	(1,829,798)	(882,706)
Obligations under finance leases	(272)	(272)
Net debt at end of year	(1,830,070)	(882,978)

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

15. DIRECTORS	2009 £	2008 £
The emoluments of the directors of the company were:		
Emoluments	193,646	168,820
Compensation for loss of office	20,317	-
	<u> </u>	<u> </u>
Fees and emoluments disclosed above (excluding pension contributions) include amounts paid to:	2009 £	2008 £
The highest paid director	92,682	56,882
	<u> </u>	<u> </u>
	No.	No.
The number of directors paid by the company who were members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

The highest paid director was not a member of a defined benefit pension scheme.

S C Baxter and R McGregor-Smith are directors of MITIE Group PLC. All disclosures relating to their emoluments, pension details and share options are disclosed in the accounts of MITIE Group PLC. D Freeman is remunerated by MITIE Engineering Services Limited and J J Kavanagh is remunerated by MITIE Engineering Services (Midlands) Limited. It is not practicable to allocate their remuneration between their services as directors of MITIE Engineering Services (West Midlands) Limited and their services to other group companies.

16. EMPLOYEES

Number of employees

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

	2009 No.	2008 No.
Administration and management	<u>12</u>	<u>14</u>

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

16. EMPLOYEES (continued)

Employment costs	£	£
Wages and salaries	531,387	492,466
Social security costs	63,104	61,192
Pension costs	11,812	8,140
Share-based payments expense (see note 17)	783	101
	<u>607,086</u>	<u>561,899</u>

17. SHARE-BASED PAYMENTS

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

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.

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

	2009		2008	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of the period ⁽¹⁾	-	-	50,041	134
Transferred to Group subsidiaries during the period	-	-	(50,041)	(134)
Outstanding at end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

⁽¹⁾ There are no options included within this balance (2008: nil) that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002.

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

17. SHARE-BASED PAYMENTS (continued)

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

	2009 £	2008 £
2001 Saving Related share options	783	101

There were no shares exercised during the period or during the prior period.

There were no options outstanding at 31 March 2009 or at 31 March 2008.

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

	2009	2008
Share price (p)	133 to 230	133 to 230
Exercise price (p)	0 to 254	120 to 254
Expected volatility (%)	27 to 30	27 to 30
Expected life (years)	4 to 6	4 to 5
Risk-free rate (%)	4.17 to 5.25	4.17 to 5.25
Expected dividends (%)	1.43 to 3.15	1.43 to 2.29

Expected volatility was based on historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

MITIE ENGINEERING SERVICES (WEST MIDLANDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

18. PENSION ARRANGEMENTS

The company participates in the MITIE Group PLC Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 34 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' pension surplus of £3 million (2008: £9.9 million).

Total employer and employee contributions to the scheme for the period are shown in note 16 and the agreed contribution rate for the next 12 months is 17.5% (2008: 17.5%)

19. RELATED PARTY TRANSACTIONS

At 31 March 2009 MITIE Group PLC is a 100% shareholder of MITIE Engineering Services (West Midlands) Limited (2008: 56%).

MITIE Engineering Services (West Midlands) Limited paid management charges of £175,305 (2008: £153,282) to companies within MITIE Group PLC. There are no amounts outstanding at the year end (2008: £881) in respect of these transactions.

During the year, MITIE Engineering Services (West Midlands) Limited provided goods and services amounting to £1,085 (2008: £18,872) to companies within the MITIE Group PLC on normal commercial terms. An amount of £8,330 (2008: £7,157) is included in debtors at the year end in respect of these services and transactions from prior years.

During the year, MITIE Engineering Services (West Midlands) Limited purchased goods and services amounting to £211,867 (2008: £255,155) from companies within the MITIE Group PLC on normal commercial terms. An amount of £29,545 (2008: £27,415) is included in creditors and £17,958 in debtors at the year end in respect of these transactions.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking and controlling party. MITIE Asset Management Limited (formerly MITIE Engineering Holdings 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.