

Company Registration Number 5228364

MITIE DOCUMENT SOLUTIONS LIMITED

Report and Financial Statements

31 March 2009

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MITIE DOCUMENT SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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MITIE DOCUMENT SOLUTIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Baxter
R McGregor-Smith

SECRETARY

MITIE Company Secretarial Services Limited

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

National Westminster Bank plc
32 Corn Street
Bristol
BS99 7UG

AUDITORS

Deloitte LLP
Bristol

MITIE DOCUMENT SOLUTIONS 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 reprographic and post room facilities to banking, legal and commercial ventures. There have not been any significant changes in the company's principal activities in the year under review and the directors are not aware of any likely major changes.

As shown in the company's profit and loss account on page 6, the company's sales have increased by 11% over the prior year and the company has incurred a loss after tax of £137,000 (2008: profit of £93,000).

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has decreased in net asset terms by 64%.

The directors consider that whilst the business has experienced specific challenges during the year action has been taken on costs to mitigate the risks associated with trading under performance in the coming year. The directors are not aware of any likely major changes to principal trading activities in the coming 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

A dividend of 37p (2008: nil) per 'A' ordinary share and 8p (2008: nil) per 'B' ordinary share was approved and paid during the year.

MITIE DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT (continued)

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 26 days (2008: 57 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.

GOING CONCERN

The directors believe that the going concern basis of presentation is appropriate for the financial statements of the company, even though the company recorded a loss for the current year. Although the asset position of the company has reduced during the financial year, at year end the company was in a net asset position.

The directors have reviewed the projected revenues, profits and associated cash flows for the year ended March 2010 and the year ended March 2011, and believe that the projections are realistic, and are confident that the company will return to profitability and strengthen its net asset position by March 2010. These cash flow forecasts allow for significant costs saving activities either implemented or planned at the time of approving these accounts.

MITIE DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT (continued)

GOING CONCERN (continued)

Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company's strategy to manage liquidity risk is to ensure that the company has sufficient funds to meet all its potential liabilities as they fall due. Creditor days have decreased from 57 days to 26 days since the previous reporting period, showing the company's ability to meet its financial liabilities.

The liquidity risk is managed by the directors reviewing the cash position of the business on a weekly basis, comparing with regularly prepared cash flow forecasts, and ensuring our debtors comply with the credit terms negotiated with them. As a result, debtor days have improved from 36 days to 33 days since the previous reporting period illustrating the company's ability to continue to collect its debts in a timely fashion.

In addition, the directors have considered the facilities available to the entity through MITIE Group, and believe that the company can continue to operate within the facilities available for the period of the cash flow forecast.

DIRECTORS

The directors during the year and subsequently were as follows:

D J Ash (resigned 30 March 2009)
S C Baxter
R McGregor-Smith

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.

Pursuant to Section 386 Companies Act 1985, an elective resolution was passed on 14 March 2005 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte LLP are deemed to continue as auditors.

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 DOCUMENT SOLUTIONS LIMITED**

We have audited the financial statements of MITIE Document Solutions Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. 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.

DeLoitte LLP

DELOITTE LLP
Chartered Accountants and Registered Auditors
Bristol, United Kingdom

1(August 2009

MITIE DOCUMENT SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2009

	Note	Continuing operations	
		2009	2008
		£'000	£'000
TURNOVER	1	3,792	3,425
Cost of sales		(3,401)	(2,777)
GROSS PROFIT		391	648
Administrative expenses		(545)	(501)
OPERATING (LOSS)/PROFIT	2	(154)	147
Interest receivable and similar income	3	1	6
Interest payable and similar charges	3	(16)	(16)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(169)	137
Tax credit/(charge) on (loss)/profit on ordinary activities	4	32	(44)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(137)	93

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

MITIE DOCUMENT SOLUTIONS LIMITED

BALANCE SHEET At 31 March 2009

	Note	2009		2008	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	5		361		520
CURRENT ASSETS					
Stocks	6	17		15	
Debtors	7	890		1,166	
Cash at bank and in hand		-		231	
		907		1,412	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(993)		(1,362)	
NET CURRENT ASSETS			(86)		50
TOTAL ASSETS LESS CURRENT LIABILITIES			275		570
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9		(170)		(275)
NET ASSETS			105		295
CAPITAL AND RESERVES					
Called up share capital	10		200		200
Profit and loss account	11		(95)		95
SHAREHOLDERS' FUNDS	12		105		295

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 DOCUMENT SOLUTIONS 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, except for the presentation of turnover, 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.

Going concern

The financial statements have been prepared on the going concern basis as discussed on page 3.

Turnover

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

In addition, on certain contracts the company is also responsible for procuring certain additional goods and services supplied to its customers. The direct costs of supplying these goods are invoiced to the company and recharged to the customer in full. As the company receives a pre-determined fee for managing such activity on behalf of its customers and the risks in relation to the provision of these goods and services are primarily borne by the company's customers, turnover for this activity reported by the company comprises the net turnover earned by the company from this activity in each accounting period.

Turnover from bundled contracts consists of various components which operate independently of each other and for which reliable fair values can be established. Accordingly, each component is accounted for separately as if it were an individual contractual arrangement. Turnover is recognised as goods and services are provided.

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	3 to 5 years
Office equipment	3 to 5 years
Fixtures and fittings	4 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leasing commitments

Assets held under finance leases and hire purchase contracts and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the conception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

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

MITIE DOCUMENT SOLUTIONS 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 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.

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.

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.

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.

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

2. OPERATING (LOSS)/PROFIT

	2009 £'000	2008 £'000
Operating (loss)/profit is stated after charging:		
Depreciation:		
- owned fixed assets	46	38
- leased fixed assets	121	111
Auditors' remuneration - audit services	5	3
Operating lease rentals:		
- plant and machinery	246	129
- other	109	109

There were no fees payable to Deloitte LLP and their associates for non-audit services during the year.

3. INTEREST

	2009 £'000	2008 £'000
Interest receivable and similar income		
Bank interest	1	6
Interest payable and similar charges		
Finance lease interest	16	16

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

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

	2009 £'000	2008 £'000
(a) Analysis of (credit)/charge in year		
United Kingdom corporation tax at 28% (2008: 30%)	-	59
Adjustment in respect of prior years	(44)	(1)
Total current tax (note 4(b))	(44)	58
Deferred taxation:		
Timing differences - origination and reversal	(9)	(15)
Increase/decrease in tax rate	-	2
Adjustment in respect of prior years	21	(1)
Total tax (credit)/charge	(32)	44

(b) Factors affecting tax (credit)/charge 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:

	£'000	£'000
(Loss)/profit on ordinary activities before tax	(169)	137
	£'000	£'000
Tax at 28% (2008: 30%) thereon	(47)	41
Expenses not deductible for tax purposes	1	5
Depreciation in excess of capital allowances	7	1
Relief in respect of share options	-	(2)
Other timing differences	2	14
Adjustment in respect of prior years	(44)	(1)
Utilisation of tax losses	37	-
Current tax (credit)/charge for the year (note 4(a))	(44)	58

(c) Factors affecting future tax charges

The company is not aware of any factors that will materially affect the future tax charge.

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

5. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2008	594	113	40	747
Additions	-	8	-	8
At 31 March 2009	594	121	40	755
Depreciation				
At 1 April 2008	174	42	11	227
Charge for the year	121	38	8	167
At 31 March 2009	295	80	19	394
Net book value				
At 31 March 2009	299	41	21	361
At 31 March 2008	420	71	29	520

Included in the net book value of plant and machinery is £299,000 (2008: £420,000) held under finance lease. The depreciation charge on these assets for the year was £121,000 (2008: £111,000).

6. STOCKS	2009 £'000	2008 £'000
Stocks and work in progress	17	15
7. DEBTORS	2009 £'000	2008 £'000
Trade debtors	332	176
Amounts owed by group undertakings	147	475
Other debtors	313	10
Prepayments and accrued income	37	483
Corporation tax	51	-
Deferred tax asset	10	22
	890	1,166

A deferred tax asset of £10,465 has been recognised at 31 March 2009 (2008: £22,291). This asset relates to negative accelerated capital allowances. The amount debited to the profit and loss account in the year in respect of this asset was £11,826 (2008: £14,015).

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2009 £'000	2008 £'000
Bank loans and overdrafts	122	-
Obligations under finance leases	121	145
Trade creditors	313	862
Amounts owed to group undertakings	49	29
Corporation tax	-	23
Other taxes and social security costs	79	79
Other creditors	11	5
Accruals and deferred income	298	219
	<u>993</u>	<u>1,362</u>
9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2009 £'000	2008 £'000
Obligations under finance leases	<u>170</u>	<u>275</u>
The following is an analysis of finance lease obligations:	£'000	£'000
Minimum lease payments payable:		
Amounts due in less than one year	138	166
Between two and five years	192	314
	<u>330</u>	<u>480</u>
Less finance charges allocated to future periods	(39)	(60)
	<u>291</u>	<u>420</u>

Obligations under finance leases are secured on the assets to which they relate.

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

10. CALLED UP SHARE CAPITAL			2009	2008
			£'000	£'000
Authorised				
268,000 £1 'A' ordinary shares			268	268
132,000 £1 'B' ordinary shares			132	132
100 £1 'C' ordinary shares			-	-
			<u>400</u>	<u>400</u>
			£'000	£'000
Allotted and fully paid				
134,000 £1 'A' ordinary shares			134	134
66,000 £1 'B' ordinary shares			66	66
1 £1 'C' ordinary shares			-	-
			<u>200</u>	<u>200</u>
11. RESERVES				
	Share capital	Profit and loss account	Total 2009	Total 2008
	£'000	£'000	£'000	£'000
At 1 April 2008	200	95	295	201
(Loss)/profit for the financial year	-	(137)	(137)	93
Dividends	-	(55)	(55)	-
Capital contribution increase for the financial year	-	2	2	1
At 31 March 2009	<u>200</u>	<u>(95)</u>	<u>105</u>	<u>295</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.				
12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS			2009	2008
			£'000	£'000
(Loss)/profit for the financial year			(137)	93
Dividends			(55)	-
Capital contribution			2	1
Net (reduction)/addition to shareholders' funds			<u>(190)</u>	<u>94</u>
Opening shareholders' funds			295	201
Closing shareholders' funds			<u>105</u>	<u>295</u>

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

13. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- within one year	109	57	109	56
- between two and five years	154	48	263	105
	<u>263</u>	<u>105</u>	<u>372</u>	<u>161</u>

Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts and loans. As at 31 March 2009, the overall commitment was £nil (2008: £nil).

14. DIRECTORS

	2009 £'000	2008 £'000
The emoluments of directors of the company were:		
Fees and other emoluments (including benefits-in-kind)	<u>57</u>	<u>170</u>
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>-</u>	<u>-</u>

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 group accounts. It is not practicable to allocate their remuneration between their services as directors of MITIE Document Solutions Limited and their services as directors of other group companies.

No directors exercised options in the shares of the ultimate holding company, MITIE Group PLC, during the year (2008: no directors) excluding those directors who are also directors of MITIE Group PLC in respect of whom disclosures are made in the group accounts.

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

15. EMPLOYEES

Number of employees

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

	2009 No.	2008 No.
Operatives	25	23
Administration and management	7	6
	<u>32</u>	<u>29</u>
Employment costs	£'000	£'000
Wages and salaries	980	847
Social security costs	103	92
Pension costs	18	9
Share-based payments (see note 16)	1	1
	<u>1,102</u>	<u>949</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 is open to all employees. The exercise price is equal to the market value of the shares on 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 26 July 2006 and 4.0% above the Retail Price per annum thereafter.

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. The vesting period is five years. If the options remain unexercised after a period of five years and nine months from the date of grant, the options expire. Options may be forfeited if the employee leaves the Group.

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

16. SHARE BASED PAYMENTS (continued)

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	12,939	175	1,951	165
Granted during the period	3,535	190	1,488	220
Transferred to/from Group subsidiaries during the period	-	-	9,500	170
Outstanding at end of the period	16,474	178	12,939	175
Exercisable at end of the period	7,000	162	-	-

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

	2009 £'000	2008 £'000
2001 Executive share options	1	1
2001 Saving related share options	-	-
	1	1

No options were exercised during the current or prior period.

The options outstanding at 31 March 2009 had a weighted average exercise price of 178p (2008: 175p) and a weighted average remaining contractual life of 5.14 years (2008: 6.70 years).

In the year ended 31 March 2009, options were granted in July and September 2008 in respect of the Executive and Savings related share option schemes respectively. The aggregate of the estimated fair values of the options granted on those dates is £1,161.

In the year ended 31 March 2008, options were granted in July and August 2008 in respect of the Executive and Savings related share option schemes respectively. The aggregate of the estimated fair values of the options granted on those dates is £584.

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

16. SHARE-BASED PAYMENTS (continued)

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)	120 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.

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 34 to the Report and Accounts of the MITIE Group PLC sets out the details of the International Accounting Standard 19 'Employee Benefits' pension surplus of £3.0 million (2008: £9.9 million).

Total employer and employee contributions to the scheme for the period are shown in note 15 and the agreed contribution rate for the next 12 months is 17.5% (2008: 17.5%).

18. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of MITIE Group PLC, MITIE Document Solutions Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group for the current year ended 31 March 2009.

19. 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. The immediate controlling party is MITIE Facilities Services Limited. MITIE Facilities Services Limited is the smallest group and MITIE Group PLC the largest group for which group accounts are prepared. Copies of these financial statements can be obtained from the company secretary at the registered office.