

Company Registration Number 5228364

MITIE DOCUMENT SOLUTIONS LIMITED

Report and Financial Statements

31 March 2008

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MITIE DOCUMENT SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9

MITIE DOCUMENT SOLUTIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D J Ash
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 & Touche LLP
Bristol

MITIE DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2008

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 majority 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 20% over the prior year and the company has generated a profit after tax of £93,314 (2007 £24,375).

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has increased in net asset terms by 48%.

The directors consider that the business has developed satisfactorily during the year and is in a position to continue that development. The directors are not aware of any likely major changes.

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.

MITIE DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT (continued)

DIVIDENDS

The directors do not recommend a dividend for the year ended 31 March 2008 (2007 nil)

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 2008 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 57 days (2007 34 days).

ENVIRONMENT

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

EMPLOYEES

The company 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 DOCUMENT SOLUTIONS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors during the year and subsequently were as follows

D J Ash
S C Baxter
L K Herbert (deceased 22 February 2008)
R McGregor-Smith
M J Oppenheim (resigned 23 January 2008)

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

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 & Touche LLP are deemed to continue as auditors

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



S C Baxter
Director

10 SEPTEMBER 2008

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 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 22. 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 2008 and of its profit 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 & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

12 September 2008

MITIE DOCUMENT SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2008

	Note	Continuing operations 2008	2007 (restated - see Note 1)
		£	£
TURNOVER	1	3,425,157	2,847,203
Cost of sales		(2,776,918)	(2,333,117)
GROSS PROFIT		648,239	514,086
Administrative expenses		(501,198)	(460,333)
OPERATING PROFIT	2	147,041	53,753
Interest receivable and similar income	3	5,849	1,390
Interest payable and similar charges	3	(15,938)	(10,083)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		136,952	45,060
Tax charge on profit on ordinary activities	4	(43,638)	(20,685)
PROFIT FOR THE FINANCIAL YEAR		93,314	24,375

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 2008

	Note	2008		2007	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		520,096		322,566
CURRENT ASSETS					
Stocks	6	14,920		6,000	
Debtors	7	1,166,385		834,501	
Cash at bank and in hand		231,094		120,557	
		<u>1,412,399</u>		<u>961,058</u>	
CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(1,362,367)</u>		<u>(900,809)</u>	
NET CURRENT ASSETS			<u>50,032</u>		<u>60,249</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			570,128		382,815
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9		<u>(274,776)</u>		<u>(181,509)</u>
NET ASSETS			<u>295,352</u>		<u>201,306</u>
CAPITAL AND RESERVES					
Called up share capital	10		200,001		200,000
Profit and loss account	11		94,519		1,205
Capital contribution reserve	11		832		101
SHAREHOLDERS' FUNDS	12		<u>295,352</u>		<u>201,306</u>

These financial statements were approved by the Board of Directors on 10 SEPTEMBER 2008

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE DOCUMENT SOLUTIONS LIMITED

CASH FLOW STATEMENT
Year ended 31 March 2008

	Note	2008		2007	
		£	£	£	£
Net cash inflow from operating activities	13		344,851		356,429
Returns on investments and servicing of finance					
Interest received		5,849		1,390	
Interest element of finance lease rentals		(15,938)		(10,083)	
Net cash outflow from returns on investments and servicing of finance			(10,089)		(8,693)
Taxation					
UK corporation tax paid			(53,047)		(4,816)
Capital expenditure					
Payments to acquire tangible fixed assets		(60,585)		(83,414)	
Receipts from disposal of tangible fixed assets		-		15,000	
Net cash outflow from capital expenditure			(60,585)		(68,414)
Cash inflow before financing			221,130		274,506
Financing					
Capital element of finance lease payments		(110,594)		(63,654)	
Issue of share capital		1		-	
Net cash outflow from financing			(110,593)		(63,654)
Increase in cash in the year	15		110,537		210,852

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

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.

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 2008

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.

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.

Restatement of comparatives

The financial statements for the year ended 31 March 2008 have been drawn up using the same accounting policies as the year ended 31 March 2007 with the exception of the change in presentation in turnover. During the year the directors reviewed the nature of their contracts and assessed that it was appropriate not to recognise turnover in respect of billings to customers for certain costs where the risks and rewards in connection with those arrangements lie with the customer. The effect of reporting turnover and cost of sales net of costs passed-on to the customer is to reduce both captions by £1,455,140 in the current year. There is no impact on profits. As the impact of this change is material, prior year balances have been restated. Prior year turnover and cost of sales balances have both been reduced by £611,817.

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

2. OPERATING PROFIT

	2008 £	2007 £
Operating profit is stated after charging		
Depreciation		
- owned fixed assets	37,913	18,193
- leased fixed assets	110,593	63,654
Loss on disposal of tangible fixed assets	-	30,990
Auditors' remuneration - audit services	2,748	2,748
Operating lease rentals		
- plant and machinery	129,485	6,278
- other	109,000	27,500

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

3. INTEREST

	2008 £	2007 £
Interest receivable and similar income		
Bank interest	5,849	1,390
Interest payable and similar charges		
Finance lease interest	15,938	10,083

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
(a) Analysis of charge in year		
United Kingdom corporation tax at 30% (2007 30%)	58,535	25,439
Adjustment in respect of prior years	(882)	2,378
Total current tax (note 4(b))	<u>57,653</u>	<u>27,817</u>
Deferred taxation		
Timing differences - origination and reversal	(14,668)	(6,774)
Increase/decrease in tax rate	1,592	-
Adjustment in respect of prior years	(939)	(358)
Tax on profit on ordinary activities	<u>43,638</u>	<u>20,685</u>

(b) Factors affecting tax 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 30% (2007 30%) The differences are as follows

	£	£
Profit on ordinary activities before tax	<u>136,952</u>	<u>45,060</u>
	£	£
Tax at 30% thereon	41,086	13,518
Expenses not deductible for tax purposes	4,374	5,147
Depreciation in excess of capital allowances	1,170	8,616
Relief in respect of share options	(1,593)	-
Other timing differences	13,498	(718)
Adjustment in respect of prior years	(882)	2,378
Utilisation of tax losses	-	(1,124)
Current tax charge for the year (note 4(a))	<u>57,653</u>	<u>27,817</u>

(c) Factors affecting future tax charges

The reduction in the corporation tax rate to 28% is not anticipated to materially affect the future tax charge

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 April 2007	308,817	59,104	33,445	401,366
Additions	285,451	54,177	6,408	346,036
At 31 March 2008	594,268	113,281	39,853	747,402
Depreciation				
At 1 April 2007	63,654	11,599	3,547	78,800
Charge for the year	110,594	30,681	7,231	148,506
At 31 March 2008	174,248	42,280	10,778	227,306
Net book value				
At 31 March 2008	420,020	71,001	29,075	520,096
At 31 March 2007	245,163	47,505	29,898	322,566

Included in the net book value of plant and machinery is £420,021 (2007 £245,163) held under finance lease
The depreciation charge on these assets for the year was £110,593 (2007 £63,654)

6. STOCKS	2008 £	2007 £
Stocks and work in progress	14,920	6,000
7. DEBTORS	2008 £	2007 £
Trade debtors	176,175	178,692
Amounts owed by group undertakings	474,469	326,148
Other debtors	10,024	4,547
Prepayments and accrued income	483,426	316,838
Deferred tax asset	22,291	8,276
	1,166,385	834,501

A deferred tax asset of £22,291 has been recognised at 31 March 2008 (2007 £8,276) This asset relates to negative accelerated capital allowances The amount credited to the profit and loss account in the year in respect of this asset was £14,015 (2007 £7,132)

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

8	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2008	2007
		£	£
	Obligations under finance leases	145,244	63,654
	Trade creditors	862,133	354,611
	Amounts owed to group undertakings	29,118	8,955
	Corporation tax	22,961	18,355
	Other taxes and social security costs	79,156	38,987
	Other creditors	5,338	2,961
	Accruals and deferred income	218,417	413,286
		<u>1,362,367</u>	<u>900,809</u>
9.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2008	2007
		£	£
	Obligations under finance leases	<u>274,776</u>	<u>181,509</u>
	The following is an analysis of finance lease obligations	£	£
	Minimum lease payments payable		
	Amounts due in less than one year	165,666	73,737
	Between two and five years	313,849	210,261
		<u>479,515</u>	<u>283,998</u>
	Less finance charges allocated to future periods	(59,495)	(38,835)
		<u>420,020</u>	<u>245,163</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 2008

10 CALLED UP SHARE CAPITAL	2008	2007
	£	£
Authorised		
268,000 £1 'A' ordinary shares	268,000	268,000
132,000 £1 'B' ordinary shares	132,000	132,000
100 £1 'C' ordinary shares	100	-
	<u>400,100</u>	<u>400,000</u>
	£	£
Allotted and fully paid		
134,000 £1 'A' ordinary shares	134,000	134,000
66,000 £1 'B' ordinary shares	66,000	66,000
1 £1 'C' ordinary shares	1	-
	<u>200,001</u>	<u>200,000</u>

One £1 'C' ordinary share was allotted in the period for a total consideration of £1

11. RESERVES	Share Capital	Profit and loss account	Capital contribution reserve	Total 2008	Total 2007
	£	£	£	£	£
At 1 April 2007	200,000	1,205	101	201,306	176,830
Profit for the financial year	-	93,314	-	93,314	24,375
Increase for the financial year	-	-	731	731	101
Issue of share capital	1	-	-	1	-
At 31 March 2008	<u>200,001</u>	<u>94,519</u>	<u>832</u>	<u>295,352</u>	<u>201,306</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2008	2007
	£	£
Profit for the financial year	93,314	24,375
Capital contribution reserve	731	101
Increase in share capital	1	-
Net addition to shareholders' funds	<u>94,046</u>	<u>24,476</u>
Opening shareholders' funds	201,306	176,830
Closing shareholders' funds	<u>295,352</u>	<u>201,306</u>

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Operating profit	147,041	53,753
Depreciation	148,506	81,847
Loss on disposal of tangible fixed assets	-	30,990
Increase in stocks	(8,920)	(5,865)
Increase in debtors	(317,869)	(44,069)
Increase in creditors	375,362	239,672
Share-based payment expense	731	101
Net cash inflow from operating activities	344,851	356,429

14. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2007	Cash flow	Other non-cash movements	At 31 March 2008
	£	£	£	£
Cash at bank and in hand	120,557	110,537	-	231,094
Finance leases	(245,163)	110,594	(285,451)	(420,020)
	<u>(124,606)</u>	<u>221,131</u>	<u>(285,451)</u>	<u>(188,926)</u>

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

	2008	2007
	£	£
Increase in cash in the financial year	110,537	210,852
Cash inflow from increase in debt and lease financing	110,594	63,654
Change in net debt resulting from cash flows	221,131	274,506
New finance leases	(285,451)	(308,817)
Movement in net debt in the year	(64,320)	(34,311)
Net debt at beginning of financial year	(124,606)	(90,295)
Net debt at end of financial year	(188,926)	(124,606)

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

16. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date				
- within one year	109,000	55,965	-	-
- between two and five years	263,416	105,040	109,000	6,276
	<u>372,416</u>	<u>161,005</u>	<u>109,000</u>	<u>6,276</u>

17. DIRECTORS

	2008 £	2007 £
The emoluments of directors of the company were		
Fees and other emoluments (including benefits-in-kind)	<u>170,463</u>	<u>156,000</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 period (2007: 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 2008

18. EMPLOYEES

Number of employees

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

	2008 No.	2007 No.
Operatives	23	9
Administration and management	6	6
	<u>29</u>	<u>15</u>

Employment costs

	£	£
Wages and salaries	846,992	573,312
Social security costs	92,209	63,693
Pension costs	8,929	7,480
Share-based payments (see note 19)	731	101
	<u>948,861</u>	<u>644,586</u>

19. 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 2007 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 2008

19. SHARE BASED PAYMENTS (continued)

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

	2008		2007	
	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	1,951	165	-	-
Granted during the period	1,488	220	1,951	165
Transferred to/from Group subsidiaries during the period	9,500	170	-	-
Outstanding at end of the period	12,939	175	1,951	165
Exercisable at end of the period	-	-	-	-

⁽¹⁾ Included within this balance are nil (2007 19,528) options that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20. Their exercise prices range from 57p to 174p (2007 57p to 174p).

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

	2008 £	2007 £
2001 Executive share options	511	-
2001 Saving related share options	220	101
	731	101

No options were exercised during the current or prior period

The options outstanding at 31 March 2008 had a weighted average exercise price of 175p (2007 165p) and a weighted average remaining contractual life of 6.70 years (2007 5.09 years)

In the year ended 31 March 2008, options were granted in July and August 2007 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 2008

19 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:

	2008	2007
Share price (p)	133 to 230	134 to 193
Exercise price (p)	120 to 254	120 to 138
Expected volatility (%)	27 to 30	28 to 29
Expected life (years)	4 to 5	5 to 6
Risk-free rate (%)	4.17 to 5.25	4.24 to 5.12
Expected dividends (%)	1.43 to 2.29	1.43 to 2.23

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.

20. 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' net pension surplus of £9.9 million (2007: £0.5 million).

Contributions to the scheme for the period are shown in note 18 and the agreed contribution rate for the next 12 months is 10% (2007: 10%) and 7.5% (2007: 7.5%) for the group and employees respectively.

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

21 RELATED PARTY TRANSACTIONS

MITIE Group PLC is a 68% (2007 68%) shareholder of the company. The following represents the transactions during the year and outstanding balances with fellow group companies as at 31 March 2008

	Goods and services provided by £	Goods and services provided to £	Management charges payable to £	Debtor balance at year end £	Creditor balance at year end £
MITIE Business Services Limited	274,936	2,087,476	36,000	423,430	27,955
MITIE Group PLC	2,578	278,003	25,626	36,127	-
MITIE Cleaning & Support Services Limited	5,668	40,546	-	2,263	538
MITIE Lyndhurst Services Limited	-	174	-	6,618	-
MITIE Pest Control Limited	147	-	-	-	43
MITIE Catering Limited	-	6,703	-	1,322	-
MITIE Security Limited	-	11,255	-	1,903	-
MITIE Client Services Limited	-	1,777	-	777	-
MITIE Managed Services Limited	-	11,469	-	503	-
MITIE PFI Limited	-	83	-	-	-
MITIE Engineering Maintenance Limited	-	8,221	-	76	582
MITIE Engineering Services Limited	-	20	-	1,450	-
MITIE Property Services (London) Limited	-	8,996	-	-	-
MITIE Interiors Limited	-	943	-	-	-
	<u>283,329</u>	<u>2,455,666</u>	<u>61,626</u>	<u>474,469</u>	<u>29,118</u>

MITIE DOCUMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

21. RELATED PARTY TRANSACTIONS (continued)

The following represents the transactions during the year and outstanding balances with fellow group companies as at 31 March 2007

	Goods and services provided by £	Goods and services provided to £	Management charges payable to £	Debtor balance at year end £	Creditor balance at year end £
MITIE Business Services Limited	345,013	2,491,100	42,000	215,714	8,530
MITIE Group PLC	23,869	264,166	24,200	83,962	-
MITE Waste & Environment Limited	85	1,364	-	-	85
MITIE Cleaning & Support Services Limited	2,502	7,078	-	4,690	340
MITIE Property Services Limited	-	13,658	-	8,308	-
MITIE Engineering Maintenance Limited	-	871	-	-	-
MITIE Catering (London) Limited	-	11,614	-	6,663	-
MITIE Interiors Limited	-	178	-	-	-
MITIE Engineering Maintenance Limited	-	2,159	-	2,075	-
MITIE Managed Services Limited	-	3,103	-	(109)	-
MITIE Security Limited	-	26,477	-	2,567	-
MITIE Engineering Limited	-	6,418	-	-	-
MITIE Trident Security Limited	-	3,236	-	-	-
MITIE Property Investments Limited	-	126	-	-	-
MITIE Managed Services Limited	-	665	-	142	-
MITIE Security Systems Limited	-	852	-	725	-
MITIE Landscape (Southern) Limited	-	955	-	1,122	-
MITIE Transport Limited	-	805	-	-	-
MITIE McCartney Fire Protection Limited	-	397	-	-	-
MITIE Managed Services (South West and Wales) Limited	-	246	-	289	-
	<u>371,469</u>	<u>2,835,468</u>	<u>66,200</u>	<u>326,148</u>	<u>8,955</u>

22. 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.