

Company Registration Number 05228364

MITIE DOCUMENT SOLUTIONS LIMITED

Report and Financial Statements

Year ended 31 March 2012

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**MITIE DOCUMENT SOLUTIONS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 March 2012

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**MITIE DOCUMENT SOLUTIONS LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

L D Barnet  
R I Cattell  
M A Freeman

**SECRETARY**

MITIE Company Secretarial Services Limited

**REGISTERED OFFICE**

8 Monarch Court  
The Broom  
Emersons Green  
Bristol  
BS16 7FH

**BANKERS**

National Westminster Bank plc  
32 Corn Street  
Bristol  
BS99 7UG

**AUDITOR**

Deloitte LLP  
London

## **MITIE DOCUMENT SOLUTIONS LIMITED**

### **DIRECTORS' REPORT**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The company is a wholly owned subsidiary of MITIE Group PLC (the 'Group'). The company provides reprographic facilities to banking, legal and commercial ventures.

As shown in the company's profit and loss account, the company's sales have decreased by 5.35% over the prior year and profit for the financial year has increased by 50% to £201,000.

The Group manages its operations on a divisional basis. For this reason, the company's directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the business. The performance of the Group's divisions is discussed in the Group's annual report which does not form part of this report.

#### **DIVIDENDS**

Dividends for each share class were declared as follows:

Ordinary 'A' £0.63 per share (2011: No dividend)

Ordinary 'B' £0.08 per share (2011: No dividend)

Ordinary 'C' No dividend per share (2011: No dividend)

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Loss of 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.

## **DIRECTORS' REPORT (continued)**

### **FINANCIAL RISK MANAGEMENT**

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

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

### **GOING CONCERN**

The company was profitable in the year. The directors have considered the forecast and budgeted profit and associated cash flows for the foreseeable future being at least twelve months from the date of the financial statements. The directors have considered the facilities available to the entity and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it appropriate to adopt the going concern basis in the preparation of the company's financial statements.

### **PAYMENT POLICY**

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March 2012, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 72.5 days (2011: 46 days).

### **ENVIRONMENT**

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

### **EMPLOYEES**

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

### **DIRECTORS**

The directors during the year and subsequently were as follows:

S C Baxter (Resigned 21 March 2012)

R McGregor-Smith (Resigned 21 March 2012)

L D Barnett (Appointed 21 March 2012)

R I Cattell (Appointed 21 March 2012)

M A Freeman (Appointed 21 March 2012)

## DIRECTORS' REPORT (continued)

### AUDITOR

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



M A Freeman  
Director

30 July 2012

## **INDEPENDENT AUDITOR'S 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 2012 which comprise the Profit and Loss Account and the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**Colin Hudson FCA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditor

London, United Kingdom



**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2012

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>TURNOVER</b>	1	4,355	4,601
Cost of sales		<u>(3,650)</u>	<u>(4,172)</u>
<b>GROSS PROFIT</b>		705	429
Administration expense		<u>(401)</u>	<u>(229)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		304	200
Interest receivable and similar income	3	-	3
Interest payable and similar charges	3	<u>(19)</u>	<u>(17)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		285	186
Tax charge on profit on ordinary activities	5	(84)	(52)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	14	<u>201</u>	<u>134</u>

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

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




**BALANCE SHEET**  
As at 31 March 2012

		2012		2011	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		<u>1,056</u>		<u>893</u>
			1,056		893
<b>CURRENT ASSETS</b>					
Stocks	7	17		8	
Debtors					
- due within one year	8	1,528		949	
Cash at bank and in hand		<u>254</u>		<u>163</u>	
		1,799		1,120	
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(1,922)</u>		<u>(1,027)</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(123)</u>		<u>93</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			933		986
<b>CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR</b>	10		(457)		(640)
Provisions for liabilities	12		(26)		(8)
<b>NET ASSETS</b>			<u>450</u>		<u>338</u>
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	13		200		200
Profit and loss account	14		250		138
<b>SHAREHOLDERS' FUNDS</b>	15		<u>450</u>		<u>338</u>

The financial statements of MITIE Document Solutions Limited, company registered number 05228364, were approved by the board and authorised for issue on They have been signed on behalf of the board by

M A Freeman  
Director

30 July 2012  


## **MITIE DOCUMENT SOLUTIONS LIMITED**

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

Year ended 31 March 2012

#### **1 ACCOUNTING POLICIES**

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

##### **Accounting convention**

The accounts are prepared under the historical cost convention.

##### **Going concern**

Details regarding the directors' consideration of going concern are given in the going concern section of the directors' report.

##### **Turnover**

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom, from the company's principal activity. Revenue is recognised as services are delivered.

##### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery 3 to 5 years

Fixtures and fitting 4 years

Office and computer equipment 3 to 5 years

##### **Operating leases**

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

##### **Finance leases**

Assets held under hire purchase arrangements, which confer rights and obligations similar to those attached to current assets, are capitalised as tangible fixed assets and depreciated over the shorter of the lease terms and useful lives. The capital elements of future hire purchase obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to provide a constant rate of charge on the balance of capital repayments outstanding.

##### **Stock**

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

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## MITIE DOCUMENT SOLUTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### ACCOUNTING POLICIES (continued)

##### Pension costs

The company participates in the MITIE Group PLC Pension Schemes. One is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the scheme as if it were a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account is the 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.

##### Cashflow statement

The company has taken the exemption from the requirement to prepare a cashflow 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.

#### 2 OPERATING PROFIT

	2012 £'000	2011 £'000
<b>Operating Profit is stated after charging/(crediting)</b>		
Depreciation of tangible fixed assets		
owned	38	22
held under finance leases and hire purchase contracts	191	138
Operating lease rentals		
plant and machinery	6	49
other	37	-

The company has taken the exemption available to it not to disclose separately information about fees for non-audit services provided to the company as this information is available in the consolidated financial statements of MITIE Group PLC. Audit fees of £2,000 were borne by MITIE Business Services Limited and not recharged to the company.

#### 3 INTEREST

	2012 £'000	2011 £'000
<b>Interest receivable and similar income</b>		
Bank interest	-	3
	-	3
<b>Interest payable and similar charges</b>		
Finance leases	19	17
	19	17

# MITIE DOCUMENT SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

### 4 DIVIDENDS

The dividends approved and paid in the year are as follows

	2012 £'000	2011 £'000
Ordinary 'A'	84	-
Ordinary 'B'	5	-
Ordinary 'C'	-	-
	<u>89</u>	<u>-</u>

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £'000	2011 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 26% (2011 28%)	72	68
Adjustment in respect of prior years	(6)	4
Total current tax (Note 5(b))	<u>66</u>	<u>72</u>
Deferred taxation		
Timing differences - origination and reversal	18	(16)
Adjustment in respect of prior years	-	(4)
Tax on profit on ordinary activities	<u>84</u>	<u>52</u>

(b) Factors affecting tax charge in the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	<u>285</u>	<u>186</u>
	£'000	£'000
Tax at 26% (2011 28%) thereon	74	52
Differences between capital allowances and depreciation	(2)	13
Relief in respect of employee share options	-	1
Other timing differences	-	2
Adjustments to tax charge in respect of prior periods	(6)	4
Current tax charge for the year (Note 5(a))	<u>66</u>	<u>72</u>

The UK Government announced a reduction in the UK corporation tax rate from 26% to 24% from 1 April 2012, which was substantively enacted on 26 March 2012. The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those assets are expected to reverse has not had a material impact on the current year tax charge. The UK Government has indicated that it intends to enact further reductions in the main tax rate of 1% each year down to 22% by 1 April 2014. Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time.

	£'000	£'000
The deferred tax liability comprises the following		
Depreciation in excess of capital allowances (note 12)	(26)	(8)
	<u>(26)</u>	<u>(8)</u>

**MITIE DOCUMENT SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

	£'000	£'000
Amount charged/(credited) to the profit and loss account in the year in relation to deferred tax	18	(20)

**6 TANGIBLE ASSETS**

	Plant and machinery £'000	Fixtures and fitting £'000	Office and computer equipment £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2011	956	49	127	1,132
Additions	89	303	-	392
<b>At 31 March 2012</b>	<b>1,045</b>	<b>352</b>	<b>127</b>	<b>1,524</b>
<b>Depreciation</b>				
At 1 April 2011	101	36	102	239
Charge for the year	196	23	10	229
<b>At 31 March 2012</b>	<b>297</b>	<b>59</b>	<b>112</b>	<b>468</b>
<b>Net book value</b>				
<b>At 31 March 2012</b>	<b>748</b>	<b>293</b>	<b>15</b>	<b>1,056</b>
<b>At 31 March 2011</b>	<b>855</b>	<b>13</b>	<b>25</b>	<b>893</b>
Leased assets included above				
<b>Net book value</b>				
<b>At 31 March 2012</b>	<b>664</b>	<b>-</b>	<b>-</b>	<b>664</b>
<b>At 31 March 2011</b>	<b>855</b>	<b>13</b>	<b>25</b>	<b>893</b>

**7 STOCKS**

	2012 £'000	2011 £'000
Work in progress	17	8
	<b>17</b>	<b>8</b>

**8 DEBTORS**

	2012 £'000	2011 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	225	180
Amounts owed by Group undertakings	877	297
VAT	56	100
Other debtors	61	31
Prepayments and accrued income	309	315
Corporation tax	-	26
	<b>1,528</b>	<b>949</b>

**MITIE DOCUMENT SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**DEBTORS (continued)**

**9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £'000	2011 £'000
Obligations under finance leases and hire purchase contracts	183	189
Trade creditors	484	599
Amounts owed to Group undertakings	1,021	32
Corporation tax	27	8
Other taxation and social security	9	17
Other creditors	2	1
Accruals and deferred income	196	181
	<u>1,922</u>	<u>1,027</u>

**10 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2012 £'000	2011 £'000
Obligations under finance leases	457	640
	<u>457</u>	<u>640</u>

**11 FINANCE LEASES**

	2012 £'000	2011 £'000
<b>Amounts payable under finance leases</b>		
- within one year	200	207
- within two to five years	501	701
Less finance charges allocated to future periods	(61)	(79)
	<u>640</u>	<u>829</u>

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

**12 PROVISIONS FOR LIABILITIES**

	Total £'000
At 1 April 2011	8
Charged to profit and loss account	18
<b>At 31 March 2012</b>	<u>26</u>

**13 CALLED UP SHARE CAPITAL**

	2012 £'000	2011 £'000
<b>Allotted, called up and fully paid share capital</b>		
134,000 £1 Ordinary 'A'	134	134
66,000 £1 Ordinary 'B'	66	66
1 £1 Ordinary 'C'	-	-
	<u>200</u>	<u>200</u>

# MITIE DOCUMENT SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

### 14 RESERVES

	Profit and loss account £'000
At 1 April 2011	138
Profit for the year	201
Dividend	(89)
At 31 March 2012	<u>250</u>

### 15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £'000	2011 £'000
Profit for the financial year	201	134
Dividends paid on equity shares	(89)	-
Capital contribution relating to share-based payments	-	1
Net addition to shareholders' funds	<u>112</u>	<u>135</u>
Opening shareholders' funds	338	203
Closing shareholders' funds	<u>450</u>	<u>338</u>

### 16 FINANCIAL COMMITMENTS

The company has annual lease commitments under non-cancellable operating leases as detailed below

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- in less than one year	85	-	35	-
- between two and five years	142	-	-	-
- after five years	-	-	-	-
	<u>227</u>	<u>-</u>	<u>35</u>	<u>-</u>

#### Capital commitments

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

### 17 DIRECTORS

The following directors are also directors or employees of another group company. They are remunerated by the company shown. It is not practicable to allocate their remuneration between their services as directors of this company and as directors or employees of other group companies.

Director	Remunerated by
S C Baxter	MITIE Group PLC
R McGregor-Smith	MITIE Group PLC
L D Barnet	MITIE Business Services Limited
R I Cattell	MITIE Facilities Services Limited
M A Freeman	MITIE Facilities Services Limited

## MITIE DOCUMENT SOLUTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### Directors (continued)

#### 18 EMPLOYEES

##### Average employee numbers

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

	2012 No	2011 No
Operations	13	16
	<u>13</u>	<u>16</u>
<b>Employment cost</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	402	566
Social security costs	46	60
Other pension costs	9	17
Share-based payments	-	1
	<u>457</u>	<u>644</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 exercise price is equal to the average market value of the shares over the five day period immediately preceding the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the group. Before options can be exercised, a performance condition must be satisfied, the performance condition is linked to the percentage growth in earnings per share over a three-year period.

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

The SAYE scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the scheme are issued. For options granted prior to September 2008, the vesting period is five years. For options granted in September 2008 and thereafter, the vesting period is three years. If the options remain unexercised after a period of six months from the date of vesting, the options expire. Options may be forfeited if the employee leaves the group.



**MITIE DOCUMENT SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2012

**SHARE-BASED PAYMENTS (continued)**

**The MITIE Group PLC Long Term Incentive Plan (LTIP)**

The LTIP was introduced in 2007. The awards of shares or rights to acquire shares (the awards) are offered to a small number of key senior management. Where offered as options the exercise price is nil. The vesting period is three years. If the awards remain unexercised after a period of four years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the group. Before the awards can be exercised, a performance condition must be satisfied, the number of awards that vest is determined by a sliding scale based on growth in earnings per share over a three-year period.

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

	<b>2012</b>		<b>2011</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price (in p)</b>	<b>Number of share options</b>	<b>Weighted average exercise price (in p)</b>
Outstanding at beginning of the year	8,439	211	11,919	190
Granted during the year	-	-	5,000	226
Forfeited during the year	(1,951)	165	(2,431)	190
Exercised during the year	-	-	(6,049)	191
<b>Outstanding at end of the year</b>	<b>6,488</b>	<b>225</b>	<b>8,439</b>	<b>211</b>
<b>Exercisable at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	<b>2012 £'000</b>	<b>2011 £'000</b>
2001 Executive share options	-	255
2001 Savings Related share options	-	860
Long-term incentive plan scheme (LTIP)	-	-
	<b>-</b>	<b>1,115</b>
	<b>2012</b>	<b>2011</b>
The weighted average share price at the date of exercise for share options exercised during the year was (p)	-	231
The options outstanding at the year-end had a weighted average price of (p)	224	211
The options outstanding at the year-end had a weighted average remaining contractual life of (years)	<b>7</b>	<b>6</b>

## MITIE DOCUMENT SOLUTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

#### 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:

	2012	2011
Share price (p)	191 to 243	133 to 230
Exercise price (p)	0 to 254	120 to 254
Expected volatility (%)	28 to 36	27 to 36
Expected life (years)	3 to 6	3 to 6
Risk-free rate (%)	1.48 to 5.25	2.42 to 5.25
Expected dividends (%)	2.22 to 4.10	1.43 to 3.3

#### 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 37 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £17.2 million (2011: deficit of £3 million).

Employer contributions to the scheme for the period are shown in note 18. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2011: 17.5%).

#### 21 RELATED PARTY TRANSACTIONS

Set out below are the related party transactions. The company has taken the exemption available under FRS 8 not to disclose transactions with other wholly-owned subsidiaries of MITIE Group PLC. There were no transactions with entities other than members of MITIE Group PLC which require disclosure under FRS 8.

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
MITIE Cleaning & Environmental Services Limited	Sales	25	58	-	2
MITIE Landscapes Limited	Sales	2	1	-	-
MITIE Pest Control (London)	Sales	-	46	-	-
MITIE Security Limited	Sales	25	97	-	3
MITIE Property Services Limited	Sales	44	32	-	-
MITIE Deep Red 55 Limited	Sales	6	-	-	-
MITIE Client Services Limited	Sales	25	-	-	-
MITIE Client Services Limited	Purchases	-	(1)	-	-
MITIE Cleaning & Environmental Services Limited	Purchases	(8)	(6)	-	-
MITIE Interiors Limited	Purchases	(278)	-	-	-
MITIE Security (London) Limited	Purchases	(1)	(1)	-	-

## **MITIE DOCUMENT SOLUTIONS LIMITED**

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

Year ended 31 March 2012

#### **22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

MITIE Facilities Services Limited is the immediate controlling party and the directors regard MITIE Group PLC, a company registered in Scotland, as the ultimate parent company and controlling party

MITIE Facilities Services 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.