

Company Registration Number:

05228364

**MITIE DOCUMENT SOLUTIONS LIMITED**

**Report and Financial Statements**

**For the year ended 31 March 2014**

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**Mitie Document Solutions Limited**  
**05228364**

**Officers and professional advisers**

**DIRECTORS**

L D Barnet  
R I Cattell  
M A Freeman

**SECRETARY**

Mitie Company Secretarial Services Limited

**REGISTERED OFFICE**

1 Harlequin Office Park  
Fieldfare  
Emersons Green  
Bristol  
BS16 7FN

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

## **Strategic report**

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### **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 on page 7 of the financial statements, the company's sales have decreased by 46.3% over the prior year resulting in a loss before tax for the year of £107,000 (2013:£636,000), due to a reduction in the pass through revenue compared to the prior year. The outlook looks positive and we expect profits to increase in the coming financial year.

### **Key performance indicators**

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.

### **Principal risks and uncertainties**

The company is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. The directors have reviewed the financial risk management objectives and policies of the company in the light of the Group Risk Framework. The directors do not believe there to be any other significant risks.

### **Financial risk management**

The company does not enter into any hedging instruments, as there not believed to be any material exposures.

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.

### **Future developments**

The directors expect the general level of activity to increase in the forthcoming year. This is a result of new investments and expanding our operation in the market and also having a greater knowledge of the business.

Approved by the Board and signed on its behalf by:



M A Freeman  
Director  
07 August 2014

## **Directors' report**

The directors present the annual report and financial statements of Mitie Documents Solutions Limited for the period ended 31 March 2014.

### **Dividends**

Dividends for each share class were declared as follows:

Ordinary 'A' Shares: £0 per share (2013:£0 per share)

Ordinary 'B' Shares: £0 per share (2013:£0 per share)

Ordinary 'C' Shares: No Dividend (2013: no dividends)

### **Going Concern**

The company has net liabilities and is, therefore, reliant on the support of its immediate and ultimate parent companies in order to meet its liabilities as they fall due. The directors have considered the forecast results and associated cash flows for the foreseeable future, being the period not less than 12 months from the date of signing of these financial statements. The directors have considered the facilities available to the company 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 of creditors**

The company manages its procurement and supply chain with increasing consideration of its impact on the company's profitability, reputation and sustainability objectives and is committed to proactively developing mutually beneficial and sustainable trading relationships with all of our stakeholders, based on a foundation of trust and co-operation.

### **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 and sustainability reports which do 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 who served during the year, together with those subsequently appointed were:

L D Barnett

R I Cattell

M A Freeman

Each of the directors in office as of the date of approval of this report confirms that:

- so far as he/she is aware, there is no relevant audit information (being information required by the auditor in the preparation of their report) of which the company's auditor is unaware; and
- he/she has each taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of such information.

This confirmation is given, and should be interpreted in accordance with Section 418 of the Companies Act 2006.

### **Appointment of auditor**

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.

**Directors' report (continued)**

**Directors' responsibilities statement**

The directors are responsible for preparing the report and financial statements. The directors have elected to prepare financial statements in accordance with UK GAAP. The directors are required to prepare financial statements for each financial year which 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 which disclose with reasonable accuracy at any time the financial position of the company, safeguarding the assets, taking reasonable steps for the prevention and detection of fraud and other irregularities, and the preparation of a Directors' report which complies with the relevant requirements of the companies Act 2006.

Approved by the Board and signed on its behalf by:



M A Freeman  
Director  
07 August 2014

**Independent auditor's to the members of Mitie Documents Solutions Limited**

We have audited the financial statements of Mitie Documents Solutions Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its loss 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

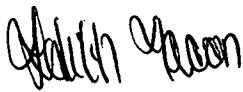
Mitie Document Solutions Limited  
05228364

**Independent auditor's report to the members of the Mitie Documents Solutions Limited (continued)**

**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.



**Judith Tacon (Senior statutory auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

7 August 2014



**Mitie Document Solutions Limited**  
**05228364**

**Profit and loss account**

**For the year ended 31 March 2014**

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>Turnover</b>	<b>1</b>	<b>1,639</b>	<b>3,056</b>
Cost of sales		(1,336)	(2,812)
		<hr/>	<hr/>
Gross profit		303	244
Administration expense		(382)	(873)
		<hr/>	<hr/>
<b>Operating loss</b>	<b>2</b>	<b>(79)</b>	<b>(629)</b>
		<hr/>	<hr/>
<b>Loss on ordinary activities before interest and taxation</b>		<b>(79)</b>	<b>(629)</b>
Interest payable and similar charges	5	(28)	(7)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(107)</b>	<b>(636)</b>
Tax credit on loss on ordinary activities	6	43	121
		<hr/>	<hr/>
<b>Loss for the financial year</b>	<b>14,15</b>	<b>(64)</b>	<b>(515)</b>
		<hr/> <hr/>	<hr/> <hr/>

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

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

Mitie Document Solutions Limited  
05228364

**Notes to the financial statements**

**Year ended 31 March 2014**

**As at 31 March 2014**

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Intangible assets	7	31	-
Tangible assets	8	227	301
		<u>258</u>	<u>301</u>
<b>Current assets</b>			
Stocks	9	9	9
Debtors			
- due within one year	10	490	2,371
		<u>499</u>	<u>2,380</u>
<b>Creditors: amounts falling due within one year</b>	11	(880)	(2,732)
		<u>(381)</u>	<u>(352)</u>
<b>Net current liabilities</b>			
		(381)	(352)
<b>Total assets less current liabilities</b>		(123)	(51)
<b>Creditors: amounts falling due after more than one year</b>			
Provisions for liabilities	12	-	(14)
		<u>(123)</u>	<u>(65)</u>
<b>Net liabilities excluding pension asset</b>			
		(123)	(65)
<b>Net liabilities</b>		<u>(123)</u>	<u>(65)</u>
<b>Share capital and reserves</b>			
Called up share capital	13	200	200
Share premium account		-	-
Hedging and translation reserve		-	-
Revaluation reserve		-	-
Profit and loss account	14	(323)	(265)
		<u>(123)</u>	<u>(65)</u>
<b>Shareholders' deficit</b>	15	<u>(123)</u>	<u>(65)</u>

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



M A Freeman

Director

7 August 2014

**Notes to the financial statements**

**Year ended 31 March 2014**

**1. Accounting policies**

The financial statements of the Company have been 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 director's consideration of going concern are given in the going concern section of the director's 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.

**Other operating income**

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

**Operating leases**

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

**Taxation**

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

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon tax rates and legislation that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax 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.

**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 appropriate valuation 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. Further details of the Group's share option schemes are contained in the Mitie Group plc annual report.

**Notes to the financial statements (continued)**

**Year ended 31 March 2014**

**1. Accounting policies (continued)**

***Intangible assets***

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Company is expected to benefit, being between 3 and 10 years. Provision is made for any impairment identified as necessary.

***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of the assets over their estimated useful lives and is calculated on a straight-line basis as follows:

Office and computer equipment	-	3-5 years
Leasehold improvements	-	3-5 years
Plant and vehicles	-	3-5 years

***Stock***

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

Cost represents materials, direct labour and overheads incurred in bringing the inventories to their present condition and location. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and estimated selling costs. Provision is made for obsolete, slow moving or defective items where appropriate.

***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.

**2. Operating loss**

	2014 £'000	2013 £'000
<b>Operating loss is stated after charging</b>		
Depreciation of tangible fixed assets:		
owned	88	101
held under finance leases and hire purchase contracts	-	-
owned	-	-
Operating lease rentals:		
plant and machinery	-	-
other	-	105
	<u>          </u>	<u>          </u>

Audit fees of £2,000 (2013: £2,000) were borne by Mitie Facilities Services Limited.

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.

Notes to the financial statements (continued)

Year ended 31 March 2014

3. Employees

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

	2014 No.	2013 No.
Operations	8	8
Administration	1	1
	<u>9</u>	<u>9</u>

Employment cost

	£'000	£'000
Wages and salaries	373	638
Social security costs	41	70
Terminations/redundancy costs	1	-
Other pension costs	11	4
Share-based payments	1	-
	<u>427</u>	<u>712</u>

4. 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
L D Barnet	Mitie Business Services Limited
R I Cattell	Mitie Facilities Services Limited
M A Freeman	Mitie Facilities Services Limited

5. Interest

	2014 £'000	2013 £'000
<b>Interest payable and similar charges</b>		
Bank interest	28	7
Finance leases	-	-
Net pension scheme interest cost	-	-
	<u>28</u>	<u>7</u>

**Notes to the financial statements (continued)**

**Year ended 31 March 2014**

**6. Tax credit on loss on ordinary activities**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b><i>(a) Analysis of (charge) in the year</i></b>		
United Kingdom corporation tax 23% (2013: 24%)	(10)	(97)
Adjustment in respect of prior years	(35)	(12)
	<hr/>	<hr/>
Total current tax (Note 6(b))	(45)	(109)
Deferred taxation:		
Timing differences - origination and reversal	(17)	(56)
Decrease in tax rate	-	-
Adjustment in respect of prior years	19	44
	<hr/>	<hr/>
Tax on loss on ordinary activities	(43)	(121)
	<hr/> <hr/>	<hr/> <hr/>
<b><i>(b) Factors affecting tax credit in the year</i></b>		
The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are as follows:		
Loss on ordinary activities before tax	(107)	(636)
	<hr/>	<hr/>
Tax at 23% (2013: 24%) thereon:	(25)	(153)
Expenses not deductible for tax purposes	-	-
Differences between capital allowances and depreciation	15	55
Impact of change in tax rate	-	1
Adjustments to tax charge in respect of prior years	(35)	(12)
	<hr/>	<hr/>
<b>Current tax credit for the year (Note 6(a))</b>	(45)	(109)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

Year ended 31 March 2014

6. Tax credit loss on ordinary activities (continued)

The UK Government announced a reduction in the UK corporation tax rate from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015, which was substantively enacted on 2 July 2013. 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.

	2014	2013
<i>The deferred tax balance comprises the following:</i>		
Depreciation in excess of capital allowances	(17)	(14)
Share-based payment timing difference	-	-
Other timing differences	-	-
	<hr/>	<hr/>
Total deferred tax liability	(17)	(14)
	<hr/>	<hr/>
Amount credited to the profit and loss account in the year in relation to deferred tax.	(2)	(12)
	<hr/>	<hr/>

7. Intangible fixed assets

	£'000
<b>Cost</b>	
1 April 2013	-
Additions	41
Disposals	-
	<hr/>
31 March 2014	41
	<hr/>
<b>Amortisation</b>	
1 April 2013	-
Charge for the year	10
Impairment losses	-
Reversal of past impairment losses	-
	<hr/>
31 March 2014	10
	<hr/>
<b>Net book value</b>	
At 31 March 2014	31
	<hr/>
At 31 March 2013	-
	<hr/>

Notes to the financial statements (continued)

Year ended 31 March 2014

8. Tangible fixed assets

	Plant and office equipment £'000	Total £'000
<b>Cost or valuation</b>		
1 April 2013	626	626
Additions	13	13
Acquisition of businesses	-	-
Disposals	-	-
Transfers from/(to) group companies	-	-
31 March 2014	639	639
<b>Depreciation</b>		
1 April 2013	324	324
Charge for the year	88	88
Impairment losses	-	-
Reversal of past impairment losses	-	-
Disposals	-	-
Transfers in from group companies	-	-
Transfers out to group companies	-	-
31 March 2014	412	412
<b>Net book value</b>		
At 31 March 2014	227	227
At 31 March 2013	302	302



Notes to the financial statements (continued)

Year ended 31 March 2014

9. Stocks

	2014 £'000	2013 £'000
Raw materials	9	9
	<u>9</u>	<u>9</u>

10. Debtors

	2014 £'000	2013 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	24	37
Amounts recoverable on contracts	-	-
Amounts owed by Group undertakings	293	2,052
VAT	-	42
Other debtors	18	82
Prepayments and accrued income	48	36
Corporation tax	107	122
Share capital called up not paid	-	-
Deferred tax asset	-	-
Unpaid share capital	-	-
	<u>490</u>	<u>2,371</u>

11. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts	615	99
Obligations under finance leases and hire purchase contracts	-	-
Payments received on account	-	-
Trade creditors	94	161
Bills of exchange payable	-	-
Amounts owed to Group undertakings	19	2,220
Corporation tax	-	-
Other taxation and social security	53	35
Other creditors	22	112
Accruals and deferred income	60	105
Deferred tax liability	17	-
	<u>880</u>	<u>2,732</u>

Notes to the financial statements (continued)

Year ended 31 March 2014

12. Provisions for liabilities

	Total £'000
31 April 2013	14
Released unused	(14)
	<hr/>
1 April 2014	-
	<hr/> <hr/>

13. Called up share capital

	2014 £'000	2013 £'000
Allotted and called up share capital		
134,000 £1 Ordinary 'A' Shares	134	134
66,000 £1 Ordinary 'B' Shares	66	66
1 £1 Ordinary 'C' Shares	-	-
	<hr/>	<hr/>
	200	200
	<hr/> <hr/>	<hr/> <hr/>

14. Reserves

	Profit and loss account £'000
1 April 2013	(265)
Loss for the financial year	(64)
Dividends paid	-
Issue of shares	-
Net actuarial gain on pension scheme	-
Transfer of amount equivalent to additional depreciation on revalued assets	-
Capital contribution relating to share-based payments	6
	<hr/>
31 March 2014	(323)
	<hr/> <hr/>

**Notes to the financial statements (continued)**

**Year ended 31 March 2014**

**15. Reconciliation of movement in shareholders' deficit**

	2014 £'000	2013 £'000
Loss for the financial year	(64)	(515)
Issue of share capital	-	-
Dividends paid on equity shares	-	-
Net actuarial gain on pension scheme	-	-
Capital contribution relating to share-based payments	6	-
	<hr/>	<hr/>
Net addition to shareholders' deficit	(58)	(515)
Opening shareholders' (deficit)/funds	(65)	450
	<hr/>	<hr/>
Closing shareholders' deficit	(123)	(65)
	<hr/> <hr/>	<hr/> <hr/>

**16. Financial commitments**

***Operating leases***

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

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- in less than one year	-	2	10	-
- between two and five years	-	-	85	-
- after five years	42	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	42	2	95	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

***Capital commitment***

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

***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.

	2014 £'000	2013 £'000
Overall commitment	10,000	10,000
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements (continued)**

**Year ended 31 March 2014**

**17. Share-based payments**

The Company participates in the following Mitie Group plc share option schemes:

***The Mitie Group Plc 2011 Executive share option scheme***

The Executive Share Option Scheme exercise price is equal to the average market value of the shares on the business day preceding grant or, if the Remuneration Committee decided, the average market value of share over a number of preceding business days (not to exceed 20). 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.

***The Mitie Group Plc 2011 SAYE 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 determined using either: the share price preceding the date on which invitations to participate in the scheme are issued; or an average share price over five days preceding the invitation date. 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.

Notes to the financial statements (continued)

Year ended 31 March 2014

17. 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.

*The Share Incentive Plan (SIP)*

The SIP was introduced in 2011 and is a non-discretionary scheme open to all eligible UK resident employees. Under the scheme, eligible employees are invited to invest in Partnership Shares which are purchased in the market on their behalf and held in a UK employee benefit trust. One Matching Share is awarded for every ten Partnership Shares purchased and has a holding period of three years. Matching Shares are funded by way of market purchases.

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

	2014		2013	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at beginning of the year	2,421	223	6,488	224
Granted	4,492	200	2,421	223
Forfeited	(3,316)	219	(5,000)	226
Transferred from group companies	817	-	-	-
Exercised	-	-	(1,488)	223
	<u>4,414</u>	<u>161</u>	<u>2,421</u>	<u>219</u>
Outstanding at end of the year				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at end of year				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

Year ended 31 March 2014

17. Share-based payments (continued)

The Company recognised the following expense related to share-based payments:

	2014 £'000	2013 £'000
Executive share options	-	(692)
Savings related share options	1	647
LTIP	-	-
	<u>1</u>	<u>(45)</u>

	2014	2013
The weighted average share price at the date of exercise for share options exercised during the year was: (p)	-	-
The options outstanding at the year-end had a weighted average price of: (p)	204	223
The options outstanding at the year-end had a weighted average remaining contractual life of: (years)	<u>3</u>	<u>3</u>

The fair value of options is measured by use of the Black-Scholes model or the Monte Carlo model. The inputs into the models:

	2014	2013
<b>Black-Scholes</b>		
Share price (p)	219 - 274	198 - 274
Exercise price (p)	0 - 254	0 - 254
Expected volatility (%)	30 - 32	32 - 35
Expected life (years)	3 - 5	3 - 5
Risk-free rate (%)	0.55 - 1.48	0.55 - 2.42
Expected dividends (%)	3.5 - 4.1	3.3 - 4.1

<b>Monte-Carlo</b>		
Share price (p)	251	-
Exercise price (p)	32	-
Expected volatility (%)	24	-
Expected life (years)	3	-
Risk-free rate (%)	0.64	-
Expected dividends (%)	4.1	-

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.

**Notes to the financial statements (continued)**

**Year ended 31 March 2014**

**18. 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	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
MITIE Catering Services Limited	Sales	14	-	6	-
MITIE Landscapes Limited	Sales	-	1	-	-
MITIE Security Limited	Sales	-	5	-	-
MITIE Deep Red 55 Limited	Sales	-	17	-	(23)
MITIE Client Services Limited	Sales	6	12	-	16
MITIE Compliance Limited	Sales	-	2	-	-
MITIE Secuirty Limited	Sales	-	13	-	-
MITIE Business Services UK Limited	Sales	-	224	-	-
MITIE Technical Facilities Management Limited	Sales	-	-	-	120
MITIE Aviation Secuirty Limited	Sales	-	8	-	-
MITIE Care and Custody Limited	Sales	-	13	-	-
MITIE Client Services Limited	Purchases	-	(1)	-	-
MITIE Security(London) Limited	Purchases	-	(3)	-	-
MITIE Secuirty Limited	Purchases	-	(5)	-	-

**19. Ultimate parent undertaking and controlling party**

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

Mitie Group plc is the largest and smallest group for which group accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.