

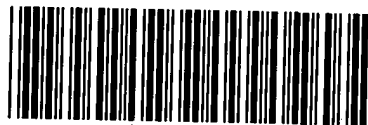
Company registration number: 05228364

Mitie Document Solutions Limited

Annual Report and Financial Statements

For the year ended 31 March 2015

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Mitie Document Solutions Limited
Company information

05228364

Directors

R I Cattell
M A Freeman
J H J Gilding

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

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 6 of the financial statements, the company made a loss before tax of £199,000 in comparison to £107,000 in the previous year. This is largely a result of an increase in overhead costs in the year. Our expectation is that turnover will increase in the coming 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, or 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.

Future developments

The directors expect the general level of activity to increase in the forthcoming year. This is as a result of organic growth via investment and through the expansion of the sales team.

Post balance sheet events

There have been no significant events since the balance sheet date.

Approved by the Board and signed on its behalf by:



M A Freeman
Director
29 July 2015

Mitie Document Solutions Limited

Directors' report

The directors present the annual report and audited financial statements of Mitie Document Solutions Limited ("the Company") for the year ended 31 March 2015.

Dividends

No dividend was declared or paid in the year (2014: no dividend).

Going Concern

The Company has net liabilities and net current 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. 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 and the Share Investment Plan.

Directors

The directors who served during the year, together with those subsequently appointed were:

	Date of appointment	Date of resignation
L D Barnet	-	30/04/15
R I Cattell	-	-
M A Freeman	-	-
J H J Gilding	27/04/15	-

Post balance sheet events

Information relating to events occurring after the balance sheet date is disclosed in the strategic report.

Disclosure of information to the auditor

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' 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 Strategic report and 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
29 July 2015

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 2015 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 2015 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 matter 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.

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 (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

29 July 2015

Mitie Document Solutions Limited
Profit and loss account
For the year ended 31 March 2015

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	Note	2015 £'000	2014 £'000
Turnover	1	1,877	1,639
Cost of sales		(1,560)	(1,336)
		<hr/>	<hr/>
Gross profit		317	303
Administration expense		(488)	(382)
		<hr/>	<hr/>
Operating loss	2	(171)	(79)
		<hr/>	<hr/>
Loss on ordinary activities before interest and taxation		(171)	(79)
Interest payable and similar charges	5	(28)	(28)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(199)	(107)
Tax on loss on ordinary activities	6	41	43
		<hr/>	<hr/>
Loss for the financial year	13, 14	(158)	(64)
		<hr/> <hr/>	<hr/> <hr/>

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

There were no recognised gains or losses other than those 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
As at 31 March 2015

05228364

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	7	18	31
Tangible assets	8	156	227
		<u>174</u>	<u>258</u>
Current assets			
Stocks	9	12	9
Debtors			
- due within one year	10	317	490
		<u>329</u>	<u>499</u>
Other creditors: amounts falling due within one year	11	(783)	(880)
Net current liabilities		<u>(454)</u>	<u>(381)</u>
Net liabilities		<u>(280)</u>	<u>(123)</u>
Share capital and reserves			
Called up share capital	12	200	200
Profit and loss account	13	(480)	(323)
Shareholders' deficit	14	<u>(280)</u>	<u>(123)</u>

The financial statements of Mitie Document Solutions Limited were approved by the board of directors and authorised for issue on 29 July 2015.
Signed on its behalf by:



M A Freeman
Director

1. Accounting policies

The financial statements of the Company have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

As more fully detailed in the Directors' report, the Company's financial statements have been prepared on a going concern basis.

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

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.

Operating leases

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

Pension costs

The Company participates in the Mitie Group plc Pension Schemes. One of which is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. For the purposes of FRS 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.

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.

Mitie Document Solutions Limited
Notes to the financial statements (continued)
For the year ended 31 March 2015

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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:

Plant and office equipment	3-5 years
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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

	2015	2014
	£'000	£'000
Operating loss is stated after charging		
Depreciation of tangible fixed assets:	83	88
Amortisation of intangible assets	13	-
	<hr/>	<hr/>

Audit fees of £2,000 (2014: £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.

Mitie Document Solutions Limited
Notes to the financial statements (continued)
For the year ended 31 March 2015

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3. Employees

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

	2015	2014
	No.	No.
Operations	8	8
Administration	1	1
	<u>9</u>	<u>9</u>

Employment cost

	£'000	£'000
Wages and salaries	353	373
Social security costs	34	41
Termination and redundancy costs	3	1
Other pension costs	16	11
Share-based payments	1	1
	<u>407</u>	<u>427</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 (resigned 30 April 2015)	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 (continued)
For the year ended 31 March 2015

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5. Interest

	2015 £'000	2014 £'000
<i>Interest payable and similar charges</i>		
Bank interest	28	28
	<u>28</u>	<u>28</u>

6. Tax on loss on ordinary activities

	2015 £'000	2014 £'000
<i>(a) Analysis of credit in the year</i>		
United Kingdom corporation tax 21% (2014: 23%)	(28)	(10)
Adjustment in respect of prior years	(1)	(35)
	<u>(29)</u>	<u>(45)</u>
Total current tax (Note 6(b))	(29)	(45)
Deferred taxation:		
Timing differences - origination and reversal	(14)	(17)
Adjustment in respect of prior years	2	19
	<u>(41)</u>	<u>(43)</u>
Tax on loss on ordinary activities	<u>(41)</u>	<u>(43)</u>

(b) Factors affecting tax credit in the year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are as follows:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(199)	(107)
	<u>(199)</u>	<u>(107)</u>
Tax at 21% (2014: 23%) thereon:	(42)	(25)
Differences between capital allowances and depreciation	14	15
Adjustments to tax charge in respect of prior periods	(1)	(35)
	<u>(29)</u>	<u>(45)</u>
Current tax credit for the year (Note 6(a))	<u>(29)</u>	<u>(45)</u>

6. Tax on loss on ordinary activities (continued)

From 1 April 2015, the main rate of corporation tax reduced to 20%. This rate has been used to calculate the deferred tax balance as it was substantively enacted at the balance sheet date. In the budget on 8 July 2015, the government announced further reduction in the main rate of corporation tax to 19% in 2017 and 18% in 2020. These changes have not been substantively enacted.

	2015 £'000	2014 £'000
<i>The deferred tax balance comprises the following:</i>		
Depreciation in excess of capital allowances	(6)	(17)
Other timing differences	1	-
	<hr/>	<hr/>
Total deferred tax liability	(5)	(17)
	<hr/>	<hr/>
Amount charged/(credited) to the profit and loss account in the year in relation to deferred tax	12	(2)
	<hr/>	<hr/>

7. Intangible fixed assets

	£'000
Cost	
At start of year	41
	<hr/>
At end of year	41
	<hr/>
Amortisation	
At start of year	10
Charge for the year	13
	<hr/>
At end of year	23
	<hr/>
Net book value	
At 31 March 2015	18
	<hr/>
At 31 March 2014	31
	<hr/>

Mitie Document Solutions Limited
Notes to the financial statements (continued)
For the year ended 31 March 2015

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8. Tangible fixed assets

	Plant and office equipment £'000	Total £'000
<i>Cost or valuation</i>		
At start of year	639	639
Additions	11	11
	<hr/>	<hr/>
At end of year	650	650
	<hr/>	<hr/>
<i>Depreciation</i>		
At start of year	412	412
Charge for the year	82	83
	<hr/>	<hr/>
At end of year	494	494
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 March 2015	156	156
	<hr/>	<hr/>
At 31 March 2014	227	227
	<hr/>	<hr/>

9. Stocks

	2015 £'000	2014 £'000
Raw materials	12	9
	<hr/>	<hr/>
	12	9
	<hr/>	<hr/>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Mitie Document Solutions Limited
Notes to the financial statements (continued)
For the year ended 31 March 2015

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10. Debtors

	2015	2014
	£'000	£'000
<i>Amounts falling due within one year:</i>		
Trade debtors	23	24
Amounts recoverable on contracts	17	-
Amounts owed by Group undertakings	148	293
Other debtors	17	18
Prepayments and accrued income	72	48
Corporation tax	40	107
	<u>317</u>	<u>490</u>

11. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Bank loans and overdrafts	451	615
Trade creditors	161	94
Amounts owed to Group undertakings	5	19
Other taxation and social security	10	53
Other creditors	3	22
Accruals and deferred income	148	60
Deferred tax liability	5	17
	<u>783</u>	<u>880</u>

12. Called up share capital

	2015	2014
	£'000	£'000
Allotted and called up share capital		
134,000 - £1 A Ordinary	134	134
66,000 - £1 B Ordinary	66	66
1 - £1 C Ordinary	-	-
	<u>200</u>	<u>200</u>

Mitie Document Solutions Limited
Notes to the financial statements (continued)
For the year ended 31 March 2015

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13. Reserves

**Profit and
loss account
£'000**

At start of year	(323)
Loss for the financial year	(158)
Capital contribution relating to share-based payments	1
At end of year	<u>(480)</u>

14. Reconciliation of movement in shareholders' deficit

	2015 £'000	2014 £'000
Loss for the financial year	(158)	(64)
Capital contribution relating to share-based payments	1	6
Net addition to shareholders' deficit	<u>(157)</u>	<u>(58)</u>
Opening shareholders' deficit	(123)	(65)
Closing shareholders' deficit	<u>(280)</u>	<u>(123)</u>

15. Financial commitments

Operating leases

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

	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- in less than one year	-	-	-	2
- after five years	42	-	42	-
	<u>42</u>	<u>-</u>	<u>42</u>	<u>2</u>

15. Financial commitments (continued)

Capital commitments

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.

	2015 £'000	2014 £'000
Overall commitment	-	10

16. 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.

16. 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 which are based on movements in a range of market and non-market measures 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.

The Conditional Share Plan (CSP)

The CSP was introduced in 2014 and is a discretionary scheme. The awards of shares or the 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 determined at the discretion of the Remuneration Committee and, for the 2014 scheme, is three years. If the awards remain unexercised after a period of ten years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the group.

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

	2015		2014	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at beginning of the year	4,414	161	2,421	223
Granted	5,030	317	4,492	200
Forfeited	(12)	-	(3,316)	219
Transferred from group companies	(1,791)	201	817	-
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at end of the year	7,641	279	4,414	161
	<hr/>	<hr/>	<hr/>	<hr/>

16. Share-based payments (continued)

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

	2015	2014
	£'000	£'000
Non-discretionary share plans	1	1
	<u>1</u>	<u>1</u>
	2015	2014
The options outstanding at the year-end had a weighted average price of: (p)	279	204
The options outstanding at the year-end had a weighted average remaining contractual life of: (years)	7	3
	<u>7</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 are as follows:

	2015	2014
Black-Scholes		
Share price (p)	219 - 313	219 - 274
Exercise price (p)	0 - 319	0 - 254
Expected volatility (%)	30 - 32	30 - 32
Expected life (years)	3 - 5	3 - 5
Risk-free rate (%)	0.55 - 1.48	0.55 - 1.48
Expected dividends (%)	3.5 - 4.1	3.5 - 4.1
Monte-Carlo		
Share price (p)	251 - 319	251
Average correlation with TSR benchmark (%)	29 - 32	32
Expected volatility (%)	21 - 24	24
Expected life (years)	3	3
Risk-free rate (%)	0.64 - 1.29	0.64
Expected dividends (%)	3.5 - 4.1	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.

17. Pension arrangements

The Company participates in the Mitie Group plc Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the Company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme on a consistent and reasonable basis. Therefore the Company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 36 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £34.9 million (2014: deficit of £17 million).

Employer contributions to the scheme for the period are shown in note 3. The agreed contribution rate for employee and employer contributions for the next 12 months is 22% (2014: 18%).

18. 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 transactions are as follows:

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
MITIE Business Services UK Limited	Sales	4	-	2	-
MITIE Care & Custody Limited	Sales	15	-	-	-
MITIE Catering Services Limited	Sales	10	14	2	6
MITIE Events & Leisure Limited	Sales	1	-	-	-
MITIE Facilities Management Limited	Sales	3	-	1	-
MITIE Local Services Limited	Sales	1	-	-	-
MITIE Work Wise Limited	Sales	6	-	-	-
MITIE Technical Facilities Management Limited	Sales	-	-	8	-
MITIE Technical Facilities Management Limited	Purchases	28	-	-	-
MITIE Waste & Environmental Services Limited	Purchases	2	-	2	-
MITIE Work Wise Limited	Purchases	1	-	1	-

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.