

**Company Registration Number 5909107**

**MITIE RESOURCES LIMITED**

**Report and Financial Statements**

**31 March 2010**

WEDNESDAY



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**MITIE RESOURCES LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2010**

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## **MITIE RESOURCES LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

M A Freeman  
P F Mosley

#### **SECRETARY**

MITIE Company Secretarial Services Limited

#### **REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emersons Green  
Bristol  
BS16 7FH

#### **BANKERS**

HSBC Bank plc  
62 George White Street  
Cabot Circus  
Bristol  
BS1 3BA

#### **AUDITORS**

Deloitte LLP  
Bristol

## **MITIE RESOURCES LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 March 2010

### **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 UK 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 ACTIVITY AND REVIEW OF THE BUSINESS**

The company lends its employees out on assignment secondments to customers. There have not been any significant changes in the company's principal activities in the year under review and the directors are not aware of any likely major changes.

Turnover has decreased by 6.6% due to the decrease of employees seconded out. The average number of employees employed by the company in the year was 3,472 (2009: 4,115). The company recorded a profit after taxation in the year of £20,000 (2009: profit of £22,000).

Given the nature of the business, the company's directors do not believe any other key performance indicators are necessary for an appropriate understanding of the performance and position of the business.

### **DIVIDENDS**

There was no dividend approved or paid during the financial year (2009: £nil).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Loss of key customers is a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

Group risks are discussed in the Group's annual report which does not form part of this report.

## **MITIE RESOURCES LIMITED**

### **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.

#### **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 2010 there were no trade creditors (2009: nil).

#### **ENVIRONMENT**

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

#### **EMPLOYEES**

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their aptitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

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

#### **GOING CONCERN**

The company was profitable in the year, and the directors have considered at a detailed level the forecast profit and associated cash flows against the facilities available to the entity.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts.

## **MITIE RESOURCES LIMITED**

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

#### **DIRECTORS**

The directors during the year and subsequently were as follows

S C Baxter (resigned 5 March 2010)  
M A Freeman  
R McGregor-Smith (resigned 5 March 2010)  
P F Mosley

#### **AUDITORS**

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

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

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

A resolution to reappoint Deloitte LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting

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



**M A Freeman**  
Director

1 September 2010.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITIE RESOURCES LIMITED**

We have audited the financial statements of MITIE Resources Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

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 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 (APB'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.

### **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 2010 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 matter 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.

*Nigel Thomas.*

**Nigel Thomas (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
Bristol, United Kingdom

*1 September 2010.*

# MITIE RESOURCES LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	1	879	941
<b>GROSS PROFIT</b>		879	941
Administrative expenses		(853)	(911)
<b>OPERATING PROFIT</b>	2	26	30
Interest received and similar income	3	3	-
Interest paid and similar charges	3	-	(1)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		29	29
Tax charge on profit on ordinary activities	4	(9)	(7)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	9	20	22

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



# MITIE RESOURCES LIMITED

## BALANCE SHEET At 31 March 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	5		-		1
<b>CURRENT ASSETS</b>					
Debtors	6	126		259	
<b>CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	7	<u>(80)</u>		<u>(248)</u>	
<b>NET CURRENT ASSETS, BEING NET ASSETS</b>			<u>46</u>		<u>11</u>
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	8		-		-
Profit and loss account	9		<u>46</u>		<u>12</u>
<b>SHAREHOLDERS' FUNDS</b>	10		<u>46</u>		<u>12</u>

The financial statements of MITIE Resources Limited, company registration number 5909107, were approved by the board and authorised for issue on



**M A Freeman**  
Director

1 September 2010 .

## **MITIE RESOURCES LIMITED**

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

**Year ended 31 March 2010**

#### **1. ACCOUNTING POLICIES**

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

##### **Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **Turnover**

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

Turnover is recognised as and when the related services are provided.

##### **Tax**

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

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax 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 employees 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.

##### **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.

##### **Going concern**

The financial statements have been prepared under the going concern basis. As discussed on page 3, the company has been profitable in the year and following a consideration of the forecast profit and associated cash flows against facilities, the directors consider the adoption of the going concern basis to be appropriate.

## MITIE RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

#### 2. OPERATING PROFIT

	2010 £'000	2009 £'000
Operating profit is stated after charging		
Auditors' remuneration - audit services	4	3
Share-based payment charge	14	4
Depreciation of owned assets	1	-
	<u>          </u>	<u>          </u>

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of MITIE Group PLC are required to disclose such fees on a consolidated basis

#### 3. INTEREST

	2010 £'000	2009 £'000
Interest received and similar income		
Bank interest	3	-
	<u>          </u>	<u>          </u>
Interest paid and similar charges	£'000	£'000
Bank interest	-	1
	<u>          </u>	<u>          </u>

# MITIE RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

### 4. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2010 £'000	2009 £'000
<b>(a) Analysis of charge in year</b>		
United Kingdom corporation tax at 28% (2009 28%)	10	4
Adjustment in respect of prior years	3	-
<b>Total current tax (note 4(b))</b>	<u>13</u>	<u>4</u>
Deferred tax		
Timing differences - origination and reversal	(4)	3
<b>Tax charge on profit on ordinary activities</b>	<u>9</u>	<u>7</u>
<b>(b) Factors affecting tax charge in year</b>	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	29	29
	<u>£'000</u>	<u>£'000</u>
Tax at 28% (2009 28%) thereon	8	8
Relief in respect of employee share options	2	-
Adjustment in respect of prior years	3	(4)
<b>Current tax charge for the year (note 4 (a))</b>	<u>13</u>	<u>4</u>

### (c) Factors affecting future tax charges

The company is not aware of any factors that will materially affect the future tax charge apart from the proposed, phased reduction in corporation tax rates to 24% by 2015 which has not yet been enacted

# MITIE RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

### 5. TANGIBLE FIXED ASSETS

	Office equipment £'000
<b>Cost</b>	
At 1 April 2009 and 31 March 2010	1
<b>Depreciation</b>	
At 1 April 2009	-
Charge for the year	1
At 31 March 2010	1
<b>Net book value</b>	
At 31 March 2010	-
At 31 March 2009	1

### Capital commitments

At 31 March 2010 the directors had authorised capital expenditure of £nil (2009 £nil)

6 DEBTORS	2010 £'000	2009 £'000
Trade debtors	69	237
Amounts owed by group undertakings	-	16
Other debtors	-	4
Deferred tax asset	5	2
Other taxation and social security	52	-
	126	259

A net deferred tax asset of £5,000 has been recognised at 31 March 2010 (2009 £2,000). This asset relates to timing differences relating to share-based payments. The directors are of the opinion that suitable profits will be available in the periods in which these differences will reverse. The amount credited to the profit and loss account in the year was £4,000 (2009 charged £3,000).

# MITIE RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

<b>7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			<b>2010</b>	<b>2009</b>
			<b>£'000</b>	<b>£'000</b>
Bank overdraft			69	13
Corporation tax			6	4
Accruals and deferred income			5	231
			<u>80</u>	<u>248</u>
<b>8. CALLED UP SHARE CAPITAL</b>			<b>2010</b>	<b>2009</b>
			<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>				
1,000 £1 Ordinary shares			-	-
			<u>£</u>	<u>£</u>
<b>Allotted and fully paid</b>				
1 £1 Ordinary share			1	1
			<u>1</u>	<u>1</u>
<b>9. RESERVES</b>				
	<b>Share capital</b>	<b>Profit and loss account</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>Total</b>	<b>Total</b>
			<b>£'000</b>	<b>£'000</b>
At 1 April 2009	-	12	12	(14)
Capital contribution (note 13)	-	14	14	4
Profit for the financial year	-	20	20	22
	<u>-</u>	<u>46</u>	<u>46</u>	<u>12</u>
<b>At 31 March 2010</b>	<u>-</u>	<u>46</u>	<u>46</u>	<u>12</u>

In the prior year the capital contribution from MITIE Group PLC was presented in a separate reserve, in the current year it is presented as part of the profit and loss account reserve

# MITIE RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Profit for the financial year	20	22
Capital contribution (note 13)	14	4
Net increase to shareholders' funds	34	26
Opening shareholders' funds/(deficit)	12	(14)
Closing shareholders' funds	46	12

### 11. DIRECTORS

S C Baxter and R McGregor-Smith are directors of MITIE Group PLC. All disclosures relating to their emoluments, pension details and share options are disclosed in the group accounts. It is not practicable to allocate their remuneration between their services as directors of MITIE Resources Limited and their services as directors of other group companies.

M A Freeman is paid for his services by MITIE Cleaning & Environmental Services Limited. P F Mosley is paid for his services by MITIE Engineering Maintenance Limited. It is not practicable to allocate their remuneration between their services as directors of MITIE Resources Limited and their services as directors of other group companies.

No directors exercised options in the shares of the ultimate holding company, MITIE Group PLC, during the year (2009: no directors) excluding those directors who are also directors of MITIE Group PLC in respect of whom disclosures are made in the group accounts.

### 12. EMPLOYEES

#### Number of employees

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

	2010 No.	2009 No.
Operatives	3,472	4,115
Employment costs	£'000	£'000
Wages and salaries	67	66
Share-based payments (see note 13)	(6)	4
	61	70

The majority of employee costs are borne by customers under the staff hire concessionary scheme.

## MITIE RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

#### 13 SHARE-BASED PAYMENTS

The company participates in the following MITIE Group PLC share option schemes

##### The MITIE Group PLC 2001 Executive share option scheme

The Executive share option scheme is open to all employees. The exercise price is equal to the market value of the shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the Group. Before options can be exercised, the performance condition that must be satisfied is that the percentage growth in the earnings per share over a three-year period must be equal to or greater than 10.0% per annum compound in respect of awards prior to 26 July 2007 and 4.0% above the retail price per annum thereafter.

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

The Savings Related share option scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the Scheme are issued. The vesting period is five years. If the options remain unexercised after a period of five years and nine months from the date of grant, the options expire. Options may be forfeited if the employee leaves the Group.

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

	2010		2009	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of the year	120,237	172	68,851	140
Granted during the year	28,797	190	58,019	192
Forfeited during the year	(16,048)	174	(14,890)	133
Transferred to/from Group subsidiaries in the year	(39,681)	158	21,526	162
Exercised during the year	(5,450)	120	(13,269)	120
<b>Outstanding at end of the year<sup>(1)</sup></b>	<b>87,855</b>	<b>187</b>	<b>120,237</b>	<b>172</b>
<b>Exercisable at end of the year</b>	<b>7,417</b>	<b>145</b>	<b>20,245</b>	<b>126</b>

<sup>(1)</sup> Included within this balance are nil (2009: 5,000) options that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20. Their exercise prices range from 117p to 174p (2009: 95p to 174p).



# MITIE RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

### 13. SHARE-BASED PAYMENTS (continued)

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

	2010 £'000	2009 £'000
2001 Executive share options	1	(1)
2001 Savings Related share options	13	5
	<u>14</u>	<u>4</u>

The weighted average share price at the date of exercise for share options exercised during the period was 232p (2009 198p)

The options outstanding at 31 March 2010 had a weighted average exercise price of 187p (2009 172p) and a weighted average remaining contractual life of 2.91 years (2009 3.38 years)

In the year ended 31 March 2010, options were granted in July and August 2009 in respect of the Savings related and Executive share option schemes. The aggregate of the estimated fair values of the options granted on those dates is £9,644.

In the year ended 31 March 2009, options were granted in July and September 2008 in respect of the Executive and Savings related share option schemes respectively. The aggregate of the estimated fair values of the options granted on those dates is £18,756.

The fair value of options is measured by use of the Black-Scholes models. The inputs into the Black-Scholes model are as follows:

	2010	2009
Share price (p)	133 to 243	133 to 230
Exercise price (p)	120 to 254	0 to 254
Expected volatility (%)	27 to 36	27 to 30
Expected life (years)	3 to 6	3 to 6
Risk-free rate (%)	2.42 to 5.25	4.17 to 5.25
Expected dividends (%)	1.43 to 3.30	1.43 to 3.15

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.

## MITIE RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

#### 14. RELATED PARTY TRANSACTIONS

The company entered into transactions with entities that are not 100% owned by MITIE Group PLC which require disclosure under FRS 8

Related party	Nature of transaction	Amount of transaction		Year end balance	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
MITIE Cleaning & Environmental Services Ltd	Goods & services provided	1,030	622	-	-
MITIE Security Ltd	Goods & services provided	70	48	-	-

Dividends paid to directors amounted to £0 (2009 £0), no amounts were owing at the year end

#### 15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking and controlling party. MITIE Group PLC is the largest group for which group accounts are prepared and MITIE Facilities Services Limited the smallest. Copies of these financial statements can be obtained from the Company Secretary at the registered office.