

**Company Registration Number: 07867616**

**Mitie Justice Limited**

**Report and Financial Statements**

**For the year ended 31 March 2014**

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**Officers and professional advisers**

**DIRECTORS**

Philip Jeffery Holland  
Jeffrey Paul Flanagan  
Clarence Sanjay Philipneri

**SECRETARY**

Mitie Company Secretarial Services Limited

**REGISTERED OFFICE**

1 Harlequin Office Park  
Fieldfare  
Emersons Green  
Bristol  
BS16 7FN

**AUDITOR**

Deloitte LLP  
London

**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 principal activity of the company is to provide Total Facilities Management for Her Majesty's Courts and Tribunal Services in the South of England and two Prisons at Brixton and Isis.

During the year, the contract was managed by the Integrated Facilities Management division of Mitie Group plc, with all services delivered by Mitie supply chain partners.

The contract delivery has successfully embedded into the Mitie supply chain partners, resulting in improved service levels and the identification of operating efficiencies.

During the year, revenue increased (on a like-for-like basis once the 16 month prior year period has been considered), Gross Profit has increased mainly due to the through life profit outlook in the contract, arising from improved service levels and increased operating efficiencies outlined above.

As required by accounting standards for recognising revenue for the provision of services, and in line with the Group's disclosed accounting policy, revenue will be recognised by reference to the stage of completion of the contract (or percentage of completion ('POC') method). POC is based on the proportion of costs incurred at the balance sheet date relative to the total estimated cost of completing the contracted work.

**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 Mitie Group plc 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**

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.

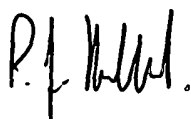
**Future developments**

The directors expect the general level of activity to remain consistent with 2014 in the forthcoming year.

**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:



Philip Jeffery Holland  
Director

27<sup>th</sup> June 2014

**Directors' report**

The directors present the annual report and audited financial statements of Mitie Justice Limited ("the Company") for the year ended 31 March 2014.

**Dividends**

No dividend was declared or paid in the year (2013: no dividend).

**Going Concern**

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.

**Directors**

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

Philip Jeffery Holland  
Jeffrey Paul Flanagan  
Clarence Sanjay Philipneri

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

- so far as he 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 has each taken all the steps that he ought to have taken as a director to make himself 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

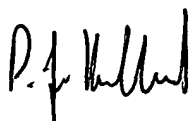
### Directors responsibilities statement

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; 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:



Philip Jeffery Holland  
Director

27 June 2014

**Independent auditor's report to the members of Mitie Justice Limited**

We have audited the financial statements of Mitie Justice Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 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.

**Independent auditor's report to the members of Mitie Justice Limited**

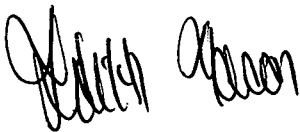
**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and 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.



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

27 June 2014



**Profit and Loss account****For the year ended 31 March 2014**

		<b>16 month period</b>	
		<b>2014</b>	<b>ended 31 March</b>
	<b>Note</b>	<b>£'000</b>	<b>2013</b>
			<b>£'000</b>
<b>Turnover</b>	<b>1</b>	<b>64,994</b>	<b>70,952</b>
Cost of sales		(61,504)	(67,872)
		<hr/>	<hr/>
Gross profit		3,490	3,080
Administration expense		(1,420)	(3,465)
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>	<b>2</b>	<b>2,070</b>	<b>(385)</b>
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>2,070</b>	<b>(385)</b>
Interest payable and similar charges	5	(507)	(312)
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>1,563</b>	<b>(697)</b>
Tax (charge)/credit on profit/(loss) on ordinary activities	6	(364)	166
		<hr/>	<hr/>
<b>Profit/(loss) for the financial year / period</b>	<b>12</b>	<b>1,199</b>	<b>(531)</b>
		<hr/>	<hr/>

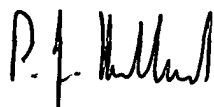
The results for the period are wholly attributable to the continuing operations of the Company.

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

**Balance sheet****As at 31 March 2014**

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>Fixed assets</b>			
Tangible assets	7	72	158
		<u>72</u>	<u>158</u>
<b>Current assets</b>			
Stocks	8	60	142
Debtors			
- due within one year	9	17,681	23,018
		<u>17,741</u>	<u>23,160</u>
<b>Creditors: amounts falling due within one year</b>	10	(17,116)	(23,839)
		<u>625</u>	<u>(679)</u>
<b>Net current assets/(liabilities)</b>		<u>625</u>	<u>(679)</u>
<b>Total assets less current liabilities</b>		<u>697</u>	<u>(521)</u>
		<u>697</u>	<u>(521)</u>
<b>Net assets/(liabilities)</b>		<u>697</u>	<u>(521)</u>
<b>Share capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	697	(521)
		<u>697</u>	<u>(521)</u>
<b>Shareholders' funds/(deficit)</b>	13	<u>697</u>	<u>(521)</u>

The financial statements of Mitie Justice Limited were approved by the board of directors and authorised for issue on 27 June 2014. They were signed on behalf of the board by :



Philip Jeffery Holland  
Director

**Notes to the financial statements****Year ended 31 March 2014****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 year and the 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.

Turnover is recognised as services are delivered.

**Pension costs**

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

**Notes to the financial statements****Year ended 31 March 2014****Accounting policies (Continued)*****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.

***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

- 5 Years

***Stock***

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

***Long-term contracts***

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long term contract balances in stock.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

***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.

## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 2. Operating profit/(loss)

	16 month period	
	ended 31 March	
	2014	2013
	£'000	£'000
<b>Operating Profit/(loss) is stated after charging</b>		
Depreciation of tangible fixed assets:		
owned	38	77
Fees payable to the Company's auditor for the audit of the Company's annual accounts	10	-
	<u>48</u>	<u>77</u>

Audit fees of £nil (2013: £4,000) were borne by Mitie Group plc and not recharged.

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.

## 3. Employees

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

	2014	2013
	No.	No.
Operations	74	94
Administration	7	32
	<u>81</u>	<u>126</u>

**Employment cost**

	£'000	£'000
Wages and salaries	3,330	26,010
Social security costs	358	2,097
Terminations/redundancy costs	30	-
Other pension costs	50	240
Share-based payments	19	10
	<u>3,787</u>	<u>28,357</u>

**Notes to the financial statements****Year ended 31 March 2014****Accounting policies (Continued)****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 the Company and as directors or employees of other group companies.

<b>Director</b>	<b>Remunerated by</b>
Philip Jefferey Holland	Mitie Group plc
Jefferey Paul Flanagan	Mitie Group plc
Clarence Sanjay Philipneri	No remuneration received in year

**5. Interest**

	<b>16 month period</b>	
	<b>ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b><i>Interest payable and similar charges</i></b>		
Bank interest	507	312
	<u>507</u>	<u>312</u>
	<u><u>507</u></u>	<u><u>312</u></u>

## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 6. Tax on profit/(loss) on ordinary activities

	16 month period	
	ended 31 March	
2014	2013	
	£'000	£'000
<b>(a) Analysis of (credit) / charge in the year</b>		
United Kingdom corporation tax 23% (2013: 24%)	376	(157)
Total current tax (note 6(b))	376	(157)
Deferred taxation:		
Timing differences - origination and reversal	(12)	(9)
Tax on profit/(loss) on ordinary activities	364	(166)
<b>(b) Factors affecting tax (credit) / charge in the year</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:		
Profit/(loss) on ordinary activities before tax	1,563	(697)
Tax at 23% (2013: 24%) thereon:	359	(167)
Differences between capital allowances and depreciation	18	8
Other timing differences	(1)	2
Current tax (credit) / charge for the year (Note 6(a))	376	(157)

## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 6. Tax on profit/(loss) on ordinary activities

The UK Government announced reductions in the UK corporation tax rate from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015, which were 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 differences are expected to reverse has not had a material impact on the current year tax charge.

	16 month period	
	ended 31 March	
	2014	2013
	£'000	£'000
<i>The deferred tax balance comprises the following:</i>		
Depreciation in excess of capital allowances	11	8
Share-based payment timing difference	0	-
Other timing differences	1	1
	<u>12</u>	<u>9</u>
Total deferred tax asset		
	<u>12</u>	<u>9</u>
Amount (credited) to the profit and loss account in the year/period in relation to deferred tax	(12)	(9)
	<u>(12)</u>	<u>(9)</u>



## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 7. Tangible fixed assets

	Plant and office equipment £'000	Total £'000
<b><i>Cost or valuation</i></b>		
1 April 13	201	201
Additions	30	30
Transfers to group Companies	(110)	(110)
	<hr/>	<hr/>
31 Mar 14	121	121
	<hr/>	<hr/>
<b><i>Depreciation</i></b>		
1 April 13	43	43
Charge for the year	38	38
Transfers out to group companies	(32)	(32)
	<hr/>	<hr/>
31 Mar 14	49	49
	<hr/>	<hr/>
<b><i>Net book value</i></b>		
<b>At 31 March 2014</b>	72	72
	<hr/>	<hr/>
At 31 March 2013	158	158
	<hr/>	<hr/>

## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 8. Stocks

	2014 £'000	2013 £'000
Raw materials	-	61
Work in progress	60	81
	<u>60</u>	<u>142</u>

## 9. Debtors

	2014 £'000	2013 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	2,669	3,349
Amounts owed by Group undertakings	3	314
Other debtors	-	3,104
Prepayments and accrued income	14,997	16,221
Corporation tax	-	21
Deferred tax asset	12	9
	<u>17,681</u>	<u>23,018</u>

## 10. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts	5,030	10,046
Trade creditors	812	1,672
Amounts owed to Group undertakings	1,092	906
Corporation tax	362	-
Other taxation and social security	3,931	1,056
Other creditors	39	80
Accruals and deferred income	5,850	10,079
	<u>17,116</u>	<u>23,839</u>

## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 11. Called up share capital

	2014 £'000	2013 £'000
Allotted and called up share capital		
-1 £1 Ordinary share	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

## 12. Reserves

Profit and loss  
account  
£'000

1 April 13	(521)
Profit for the financial year	1,199
Capital contribution relating to share-based payments	19
	<u>697</u>
31 Mar 14	<u>697</u>

## 13. Reconciliation of movement in shareholders' funds/(deficit)

## 16 month period

## ended 31 March

	2014 £'000	2013 £'000
Profit/(loss) for the financial year	1,199	(531)
Capital contribution relating to share-based payments	19	10
	<u>1,218</u>	<u>(521)</u>
Net addition/(reduction) to shareholders' funds	1,218	(521)
Opening shareholders' deficit	(521)	-
	<u>697</u>	<u>(521)</u>
Closing shareholders' funds/(deficit)	<u>697</u>	<u>(521)</u>

## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 14. Financial commitments

*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	261,814	nil

## 15. 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

Year ended 31 March 2014

## Accounting policies (Continued)

## 15. 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		16 month ended 31 March 2013	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
	'000		'000	
Outstanding at beginning of the year/period	144	85	-	-
Granted	10	196	78	55
Forfeited	(71)	50	(13)	196
Transferred from group companies	-	-	88	143
Exercised	(22)	311	(9)	225
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at end of the year/period	61	111	144	85
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at end of year/period	5	254	13	226
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the financial statements****Year ended 31 March 2014****Accounting policies (Continued)****15. Share-based payments (continued)**

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

	<b>16 month period</b>	
	<b>ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Executive share options	-	1
Savings related share options	19	9
	<u>19</u>	<u>10</u>

	<b>2014</b>	<b>2013</b>
The weighted average share price at the date of exercise for share options exercised during the year/period was: (p)	191	262
The options outstanding at the year-end had a weighted average price of: (p)	111	88
The options outstanding at the year-end had a weighted average remaining contractual life of: (years)	-	3

The Company granted options under the following schemes in the year:

	<b>Fair value</b>
	<b>£'000</b>
LTIP	116
Savings related share options	8

## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 15. Share-based payments (continued)

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:

	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.

## 16. Pension arrangements

As part of the agreement for the acquisition of the Company by Mitie Group plc, the Company's obligations under the defined benefit pension arrangements of Rentokil Initial plc were ring fenced and arrangements put in place by Rentokil Initial plc to support any current and future on-going liabilities of those pension schemes.

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 18.5%.

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 21 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £17 million (2013: deficit of £29.7 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 18.5% (2013: 18.5%).

## Notes to the financial statements

Year ended 31 March 2014

## Accounting policies (Continued)

## 17. Related party transactions

Set out below are the related party transactions with fellow members of Mitie Group plc. 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 16 month period ended 31 March	
		2014	2013	2014	2013
		£'000	£'000	£'000	£'000
Mitie Care and Custody Ltd	Purchases	222	-	-	-
Mitie Catering Services Ltd	Purchases	3	2,398	-	-
Mitie Technical Facilities Management Ltd	Purchases	30,136	-	851	-
Mitie Waste and Environmental Services Ltd	Purchases	625	-	6	-
Mitie Care and Custody Ltd	Sales	87	-	3	-
Mitie Technical Facilities Management Ltd	Sales	268	-	-	-

## 18. Ultimate parent undertaking and controlling party

Mitie Group plc 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.