

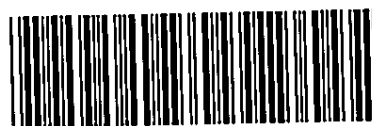
Company Registration Number: SC147178

**MITIE MCCARTNEY FIRE  
PROTECTION LIMITED**

Report and Financial Statements

Year ended 31 March 2011

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**MITIE MCCARTNEY FIRE PROTECTION LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 March 2011

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**MITIE MCCARTNEY FIRE PROTECTION LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

S C Baxter  
S Holmes  
R McGregor-Smith  
W Robson

**SECRETARY**

MITIE Company Secretarial Services Limited

**REGISTERED OFFICE**

35 Duchess Road  
Rutherglen  
Glasgow  
G73 1AU

**BANKERS**

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

**AUDITOR**

Deloitte LLP  
Bristol

## **MITIE MCCARTNEY FIRE PROTECTION LIMITED**

### **DIRECTORS' REPORT**

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

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

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

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

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

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

The company provides passive fire protection throughout the United Kingdom. On the 1 November the Company amalgamated with MITIE Property Services (UK) Ltd and no further trading was undertaken by MITIE McCartney Fire Protection Limited. Accordingly, the financial statements have been prepared on a basis other than the going concern, and all the company's results are presented as discontinued operations in the profit and loss account.

As shown in the company's profit and loss account the company's sales have decreased by 50% over the prior year and the result after tax has deteriorated from a profit after tax of £323,000 in 2010 to a loss after tax of £33,000, as a result of the decision to transfer the business in the year.

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

#### **DIVIDENDS**

Dividends for each share class were declared as follows:

Deferred shares: £1.951 per share. (2010: £0)

Ordinary shares: £0.0195 per share. (2010: £0)

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

Loss of key customers is a risk to the business. Until the point of transfer of business to MITIE Property Services (UK) Limited, the company managed 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 MCCARTNEY FIRE PROTECTION 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.

#### **GOING CONCERN**

As explained above, the company transferred its trade, assets and liabilities to a fellow subsidiary company in the year and has ceased trading. As required by FRS 18 Accounting policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the fellow subsidiary company at book value.

#### **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 2011, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 0 days ( 2010 : 43 days).

#### **ENVIRONMENT**

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

#### **EMPLOYEES**

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

**MITIE MCCARTNEY FIRE PROTECTION LIMITED**

**Directors Report continued...**

**DIRECTORS**

The directors during the year and subsequently were as follows:

C W Aitken (Resigned 12 November 2010)

S C Baxter

B J Boucher-Myers (Resigned 29 October 2010)

S Holmes

R McGregor-Smith

W Robson

**AUDITOR**

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

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

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

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

Approved by the Board and signed on its behalf by:



S C Baxter  
Director

30 August 2011

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE MCCARTNEY FIRE PROTECTION LIMITED**

We have audited the financial statements of MITIE McCartney Fire Protection Limited for the year ended 31 March 2011 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 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.

### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### **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; 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 Auditor  
Bristol, United Kingdom

*31 August 2011*

**MITIE MCCARTNEY FIRE PROTECTION LIMITED**

**PROFIT AND LOSS ACCOUNT**

Year ended 31 March 2011

	Note	2011 £'000	2010 £'000
<b>TURNOVER</b>	1	3,139	6,311
Cost of sales		(1,904)	(3,786)
<b>GROSS PROFIT</b>		<u>1,235</u>	<u>2,525</u>
Administration expense		(1,312)	(2,129)
<b>OPERATING (LOSS)/PROFIT</b>	2	<u>(77)</u>	<u>396</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<u>(77)</u>	<u>396</u>
Interest receivable and similar income	3	<u>33</u>	<u>53</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(44)</u>	<u>449</u>
Tax credit/(charge) on (loss)/profit on ordinary activities	5	11	(126)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(33)</u>	<u>323</u>

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

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



**MITIE MCCARTNEY FIRE PROTECTION LIMITED**

**BALANCE SHEET**

Year ended 31 March 2011

		2011		2010	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		-		32
			-		32
<b>CURRENT ASSETS</b>					
Stocks	7	-		41	
Debtors					
- due within one year	8	5,731		2,026	
Cash at bank and in hand		-		5,226	
		5,731		7,293	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	-		(1,398)	
<b>NET ASSETS</b>			5,731		5,927
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	10		84		84
Share premium account	11		-		-
Profit and loss account	11		5,647		5,843
<b>SHAREHOLDERS' FUNDS</b>	12		5,731		5,927

The financial statements of MITIE McCartney Fire Protection Limited, company registered number SC147178, were approved by the board and authorised for issue on: *30 August 2011*

S C Baxter  
Director



## **MITIE MCCARTNEY FIRE PROTECTION LIMITED**

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

Year ended 31 March 2011

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

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

##### **Accounting convention**

The accounts are prepared under the historical cost convention.

##### **Going concern**

The company transferred its trade, assets and liabilities to a fellow subsidiary company in the year and has ceased trading. As required by FRS 18 Accounting policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the fellow subsidiary company at book value.

##### **Turnover**

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

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

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

Office equipment and furniture 3 to 10 years

Motor vehicles 4 years

##### **Operating leases**

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

##### **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.

##### **Taxation**

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

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

# MITIE MCCARTNEY FIRE PROTECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### Accounting Policies continued...

#### Pension costs

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

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

#### Share-based payment

The company participates in a number of MITIE Group PLC executive and employee share option schemes. For all grants of share options, the fair value as at the date of grant is calculated using the Black-Scholes model and the corresponding expense is recognised on a straight-line basis over the vesting period based on the company's estimate of shares that will actually vest.

#### Cashflow statement

The company has taken the exemption from the requirement to prepare a cashflow statement, as it is included within the consolidated financial statements of MITIE Group PLC and greater than 90% of the voting rights of the company are held by MITIE Group PLC.

#### Operating Income

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

### 2. OPERATING (LOSS)/PROFIT

	2011 £'000	2010 £'000
<b>Operating (Loss)/Profit is stated after (crediting)/charging</b>		
Profit on disposal of fixed assets	-	(4)
Depreciation of tangible fixed assets:		
owned	12	30
Operating lease rentals:		
plant and machinery	-	5
other	13	31
Fees payable to the company's auditor for the audit of the company's annual accounts	10	5

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. INTEREST

	2011 £'000	2010 £'000
<b>Interest receivable and similar income</b>		
Bank interest	33	53

### 4. DIVIDENDS

The dividends approved and paid in the year are as follows

	2011 £'000	2010 £'000
Deferred shares	161	-
Ordinary shares	2	-

**MITIE MCCARTNEY FIRE PROTECTION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

**5. TAX ON LOSS/PROFIT ON ORDINARY ACTIVITIES**

	<b>2011 £'000</b>	<b>2010 £'000</b>
(a) Analysis of charge in the year		
United Kingdom corporation tax at 28% (2010: 28%)	(12)	120
Adjustment in respect of prior years	-	(14)
Total current tax (note 4(b))	<u>(12)</u>	<u>106</u>
Deferred taxation:		
Timing differences - origination and reversal	1	6
Adjustment in respect of prior years	-	14
Tax on profit on ordinary activities	<u>(11)</u>	<u>126</u>

(b) Factors affecting tax charge in the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2010: 28%). The differences are as follows:

	<b>£'000</b>	<b>£'000</b>
Loss/profit on ordinary activities before tax	<u>(44)</u>	<u>449</u>
	<b>£'000</b>	<b>£'000</b>
Tax at 28% (2010: 28%) thereon	(12)	126
Expenses not deductible for tax purposes	1	2
Differences between capital allowances and depreciation	-	1
Other timing differences	(1)	(9)
Adjustments to tax charge in respect of prior periods	-	(14)
Current tax (credit)/charge for the year (note 4(a))	<u>(12)</u>	<u>106</u>

The forthcoming changes in the corporation tax rate from 28% to 23% in future years will not materially affect the future tax charge.

The deferred tax balance comprises the following:

	<b>£'000</b>	<b>£'000</b>
Depreciation in excess of capital allowances	-	11
Share-based payment timing difference	-	1
Other timing differences	-	4
	<u>-</u>	<u>16</u>
	<b>£'000</b>	<b>£'000</b>

Amount charged to the profit and loss account in the year in relation to deferred tax	<u>1</u>	<u>20</u>
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**MITIE MCCARTNEY FIRE PROTECTION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

**6. TANGIBLE FIXED ASSETS**

	Office equipment and furniture £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>			
At 1 April 2010	78	90	168
Disposals	-	(35)	(35)
Transfers out to group companies	(78)	(55)	(133)
<b>At 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>			
At 1 April 2010	67	69	136
Charge for the year	6	6	12
Disposals	(73)	(35)	(108)
Transfers out to group companies	-	(40)	(40)
<b>At 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
<b>At 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 March 2010	11	21	32

**7. STOCKS**

	2011 £'000	2010 £'000
Finished goods	-	41
	-	41

**8. DEBTORS**

	2011 £'000	2010 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	-	1,541
Amounts recoverable on contracts	-	402
Amounts owed by Group undertakings	5,731	15
Other debtors	-	22
Prepayments and accrued income	-	30
Deferred tax asset	-	16
	<b>5,731</b>	<b>2,026</b>

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

	2011 £'000	2010 £'000
Trade creditors	-	557
Amounts owed to Group undertakings	-	425
Corporation tax	-	38
Other taxation and social security	-	236
Other creditors	-	19
Accruals and deferred income	-	123
	<b>-</b>	<b>1,398</b>

**MITIE MCCARTNEY FIRE PROTECTION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

**10. CALLED UP SHARE CAPITAL**

			2011 £'000	2010 £'000
<b>Allotted, called up and fully paid share capital</b>				
82,770	£1	Deferred shares	83	83
82,770	£0.01	Ordinary shares	1	1
			<u>84</u>	<u>84</u>

**11. RESERVES**

	Profit and loss account £'000
At 1 April 2010	5,843
Loss for the financial year	(33)
Dividend	(163)
At 31 March 2011	<u>5,647</u>

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2011 £'000	2010 £'000
(Loss)/Profit for the financial year	(33)	323
Dividends paid on equity shares	(163)	-
Capital contribution relating to share-based payments	-	3
<b>Net (reduction in)/addition to shareholders' funds</b>	<u>(196)</u>	<u>326</u>
Opening shareholders' funds	5,927	5,601
<b>Closing shareholders' funds</b>	<u>5,731</u>	<u>5,927</u>

**13. FINANCIAL COMMITMENTS**

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

	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- in less than one year	-	-	11	1
- between two and five years	-	-	24	1
	<u>-</u>	<u>-</u>	<u>35</u>	<u>2</u>

# MITIE MCCARTNEY FIRE PROTECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 14. DIRECTORS

#### The emoluments of the directors of the company were:

- Aggregate emoluments

2011 £'000	2010 £'000
131	297
<u>131</u>	<u>297</u>

#### Highest paid director:

- Aggregate emoluments

- Aggregate value of contributions paid to a money purchase pension scheme

£'000	£'000
50	110
-	13
<u>50</u>	<u>123</u>

No.

No.

The number of directors who were members of a defined benefit pension scheme

<u>3</u>	<u>3</u>
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The highest paid director did not exercise share options in the year.

The following directors are also directors 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 of other group companies.

#### Director

R McGregor-Smith

S Baxter

W Robson

#### Remunerated by

MITIE Group PLC

MITIE Group PLC

MITIE Group PLC

### 15. EMPLOYEES

#### Average employee numbers

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

	2011 No.	2010 No.
Operations	36	64
Administration	14	25
	<u>50</u>	<u>89</u>
<b>Employment cost</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,512	2,676
Social security costs	140	265
Other pension costs	51	85
Share-based payments	-	3
	<u>1,703</u>	<u>3,029</u>

# MITIE MCCARTNEY FIRE PROTECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 16. SHARE-BASED PAYMENTS

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

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

The Executive share option scheme exercise price is equal to the average market value of the shares over the five-day period immediately preceding the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the Group. Before options can be exercised, 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 or greater than 10.0% per annum compound in respect of awards prior to July 2007 and 4.0% above the Retail Price Index 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. 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 Long Term Incentive Plan (LTIP)

The LTIP was introduced in July 2007 following shareholder approval at the AGM. 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 of between 5.0% and 14.0% above the Retail Price Index per annum compound growth in earnings per share over a three-year period.

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

	2011		2010	
	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	-	-	62,539	190
Granted during the year	-	-	9,967	202
Forfeited during the year	-	-	(6,415)	198
<b>Outstanding at end of the year</b>	<b>-</b>	<b>-</b>	<b>66,091</b>	<b>191</b>
<b>Exercisable at end of year</b>	<b>-</b>	<b>-</b>	<b>22,000</b>	<b>171</b>



# MITIE MCCARTNEY FIRE PROTECTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### Share-Based Payments continued...

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

	2011 £'000	2010 £'000
2001 Executive share options	-	3
	-	3
	2011	2010

The weighted average share price at the date of exercise for share options exercised during the year was: (p)

- -

The options outstanding at the year-end had a weighted average price of: (p)

- 191

The options outstanding at the year-end had a weighted average remaining contractual life of: (years)

- 5

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

	2011	2010
Share price (p)	-	133 to 230
Exercise price (p)	-	120 to 254
Expected volatility (%)	-	27 to 36
Expected life (years)	-	3 to 6
Risk-free rate (%)	-	2.42 to 5.25
Expected dividends (%)	-	1.43 to 3.3

### 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 35 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £3 million (2010: deficit of £6.8 million).

Employer contributions to the scheme for the period are shown in note 15. The agreed contribution rate for employee and employer contributions for the next 12 months is 17.5% (2010: 17.5%).

**MITIE MCCARTNEY FIRE PROTECTION LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

**18. RELATED PARTY TRANSACTIONS**

The company has taken the exemption available under FRS8 not to disclose transactions with other wholly owned subsidiaries of MITIE Group PLC.

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
MITIE Property Services (UK) Limited	Fire protection services	1	11	-	-
MITIE Engineering Services Limited	Fire protection services	-	10	-	-

**19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's immediate and ultimate parent undertaking 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.