

Company Registration Number SC147178

MITIE MCCARTNEY FIRE PROTECTION LIMITED

Report and Financial Statements

31 March 2010

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MITIE MCCARTNEY FIRE PROTECTION LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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MITIE MCCARTNEY FIRE PROTECTION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C W Aitken
S C Baxter
B J Boucher-Myers
S Holmes
R McGregor-Smith
W Robson

SECRETARY

MITIE Company Secretarial Services Limited

REGISTERED OFFICE

35 Duchess Road
Rutherglen
Glasgow
G73 1AU

BANKERS

HSBC
62 George White Street
Cabot Circus
Bristol
BS1 3BA

AUDITORS

Deloitte LLP
Bristol

MITIE MCCARTNEY FIRE PROTECTION 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; 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 is a 100% owned subsidiary of MITIE Group PLC (the 'Group'). The company provides passive fire protection throughout the United Kingdom. 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.

As shown in the company's profit and loss account on page 6, the company's sales have decreased by 17% over the prior year and profit after tax has decreased by £208,619 due to the recent economic down turn.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end in net assets terms has increased compared with the prior 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

No dividends were recommended or paid during the year (2009: £nil).

MITIE MCCARTNEY FIRE PROTECTION LIMITED

DIRECTORS' REPORT (continued)

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.

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

The company was profitable in the year. The directors have considered the forecast and budgeted profit and associated cash flows for the coming five years. The directors have considered the facilities available to the entity and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it is appropriate to adopt the going concern basis in the preparation of the company's financial statements.

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 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year represented 43 days (2009: 35 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 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.

MITIE MCCARTNEY FIRE PROTECTION LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors during the year and subsequently were as follows:

C W Aitken
S C Baxter
B J Boucher-Myers
S Holmes
R McGregor-Smith
W Robson

AUDITORS

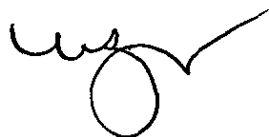
Each of the persons who is a director at the date of approval of this report confirms that:

- (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



S C Baxter
Director

14 December 2010

INDEPENDENT AUDITORS' 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 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20. 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

16 December 2010

MITIE MCCARTNEY FIRE PROTECTION LIMITED**PROFIT AND LOSS ACCOUNT**

Year ended 31 March 2010

| | Note | 2010 £ | 2009 £ |
|--|-------|-------------|-------------|
| TURNOVER | 1 | 6,310,595 | 7,581,353 |
| Cost of sales | | (3,785,586) | (4,760,332) |
| GROSS PROFIT | | 2,525,009 | 2,821,021 |
| Administrative expenses | | (2,128,716) | (2,208,407) |
| OPERATING PROFIT | 2 | 396,293 | 612,614 |
| Interest receivable and similar income | 3 | 52,742 | 126,101 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 449,035 | 738,715 |
| Tax charge on profit on ordinary activities | 4 | (125,689) | (206,750) |
| PROFIT FOR THE FINANCIAL YEAR | 9, 10 | 323,346 | 531,965 |

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

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

MITIE MCCARTNEY FIRE PROTECTION LIMITED

BALANCE SHEET

At 31 March 2010

| | Note | 2010 | 2009 |
|---|------|--------------------|--------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 5 | 32,172 | 77,029 |
| CURRENT ASSETS | | | |
| Stocks | | 41,154 | 43,961 |
| Debtors | 6 | 2,026,059 | 1,583,338 |
| Cash at bank and in hand | | 5,225,740 | 5,687,908 |
| | | <u>7,292,953</u> | <u>7,315,207</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 7 | <u>(1,398,081)</u> | <u>(1,791,393)</u> |
| NET CURRENT ASSETS | | <u>5,894,872</u> | <u>5,523,814</u> |
| NET ASSETS | | <u>5,927,044</u> | <u>5,600,843</u> |
| SHARE CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 83,598 | 83,598 |
| Profit and loss account | 9 | 5,823,157 | 5,499,811 |
| Capital contribution reserve | 9 | 20,289 | 17,434 |
| SHAREHOLDERS' FUNDS | 10 | <u>5,927,044</u> | <u>5,600,843</u> |

The financial statements of MITIE McCartney Fire Protection Limited, company registration number SC147178, were approved by the board on 14 December 2010



S C Baxter
Director

MITIE MCCARTNEY FIRE PROTECTION LIMITED

CASH FLOW STATEMENT
Year ended 31 March 2010

| | Note | 2010 | | 2009 | |
|--|--------|--------|-----------|----------|-----------|
| | | £ | £ | £ | £ |
| Net cash (outflow)/inflow from operating activities | 11 | | (320,812) | | 1,176,306 |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | | 50,863 | | 139,172 |
| Taxation | | | | | |
| UK corporation tax paid | | | (210,892) | | (377,571) |
| Capital expenditure | | | | | |
| Payments to acquire tangible fixed assets | | (500) | | (38,184) | |
| Receipts from disposal of tangible fixed assets | | 19,173 | | 7,350 | |
| Net cash inflow/(outflow) from capital expenditure | | | 18,673 | | (30,834) |
| (Decrease)/increase in cash in the year | 12, 13 | | (462,168) | | 907,073 |

MITIE MCCARTNEY FIRE PROTECTION 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. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The accounts have been prepared on a going concern basis as discussed in the directors' report on page 3.

Turnover

Turnover represents the total amount, excluding sales taxes, receivable in respect of goods and services supplied during the year and contract work completed in the year. Turnover arises from the principal activity in the United Kingdom.

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:

| | |
|------------------|---------------|
| Plant | 3 to 10 years |
| Office equipment | 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.

MITIE MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

1. ACCOUNTING POLICIES (continued)

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.

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.

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 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.

2. OPERATING PROFIT

| | 2010 £ | 2009 £ |
|--|-----------|-----------|
| Operating profit is stated after charging/(crediting): | | |
| Profit on disposal of tangible fixed assets | (3,850) | (1,726) |
| Depreciation | 30,034 | 48,293 |
| Auditors' remuneration - audit services | 5,000 | 5,000 |
| Operating lease rentals: | | |
| - other | 30,893 | 6,309 |
| - plant and machinery | 5,453 | 5,919 |
| | <hr/> | <hr/> |

3. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2010 £ | 2009 £ |
|---------------|--------------|---------------|
| Bank interest | <hr/> 52,742 | <hr/> 126,101 |

MITIE MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

4. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

| | 2010 £ | 2009 £ |
|--|----------------|----------------|
| (a) Analysis of tax charge on ordinary activities | | |
| United Kingdom corporation tax at 28% (2009: 28%) | 119,322 | 233,008 |
| Adjustment in respect of prior years | (13,587) | (4,768) |
| Total current tax (note 4(b)) | <u>105,735</u> | <u>228,240</u> |
| Deferred taxation: | | |
| Timing differences - origination and reversal | 6,160 | (21,659) |
| Adjustment in respect of prior years | 13,794 | 169 |
| Tax charge on profit on ordinary activities | <u>125,689</u> | <u>206,750</u> |

(b) Factors affecting tax charge for the current year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 28 % (2009: 28%). The differences are as follows:

| | £ | £ |
|--|----------------|----------------|
| Profit on ordinary activities before tax | <u>449,035</u> | <u>738,715</u> |
| | £ | £ |
| Tax at 28 % (2009: 28%) | 125,729 | 206,840 |
| Expenses not deductible for tax purposes | 1,679 | 1,893 |
| Relief in respect of employee share options | (71) | 4,157 |
| Depreciation in excess of capital allowances | 799 | 2,616 |
| Movement in short-term timing differences | (8,814) | 17,502 |
| Adjustment in respect of prior years | (13,587) | (4,768) |
| Current tax charge for the year (note 4(a)) | <u>105,735</u> | <u>228,240</u> |

(c) Deferred tax note

| | £ | £ |
|--|---------------|---------------|
| Movement on deferred taxation asset in the year: | | |
| Opening balance | 35,512 | 14,022 |
| (Debit)/credit to profit and loss account (note 4 (a)) | (19,952) | 21,490 |
| Closing balance | <u>15,560</u> | <u>35,512</u> |

MITIE MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

4. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

| | 2010 £ | 2009 £ |
|---|---------------|---------------|
| (d) Analysis of deferred tax asset | | |
| Capital allowances less than depreciation | 11,354 | 14,018 |
| Short-term timing differences | 615 | 20,628 |
| Share-based payments | 3,591 | 866 |
| | <u>15,560</u> | <u>35,512</u> |

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.

5. TANGIBLE FIXED ASSETS

| | Plant £ | Office equipment £ | Motor vehicles £ | Total £ |
|-----------------------|--------------|--------------------------|------------------------|----------------|
| Cost | | | | |
| At 1 April 2009 | 3,321 | 110,574 | 103,685 | 217,580 |
| Additions | - | - | 500 | 500 |
| Disposals | - | - | (14,651) | (14,651) |
| Transfers out | - | (35,809) | - | (35,809) |
| At 31 March 2010 | <u>3,321</u> | <u>74,765</u> | <u>89,534</u> | <u>167,620</u> |
| Depreciation | | | | |
| At 1 April 2009 | 2,357 | 70,595 | 67,599 | 140,551 |
| Charge for the year | 282 | 13,914 | 15,838 | 30,034 |
| Disposals | - | - | (14,651) | (14,651) |
| Transfers out | - | (20,486) | - | (20,486) |
| At 31 March 2010 | <u>2,639</u> | <u>64,023</u> | <u>68,786</u> | <u>135,448</u> |
| Net book value | | | | |
| At 31 March 2010 | <u>682</u> | <u>10,742</u> | <u>20,748</u> | <u>32,172</u> |
| At 31 March 2009 | <u>964</u> | <u>39,979</u> | <u>36,086</u> | <u>77,029</u> |

MITIE MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

| 6. DEBTORS | 2010 £ | 2009 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 1,540,907 | 1,113,996 |
| Amounts recoverable on contracts | 401,835 | 362,491 |
| Amounts owed by group undertakings | 15,425 | 36,819 |
| Other debtors | 21,746 | 21,417 |
| Deferred tax asset | 15,560 | 35,512 |
| Prepayments and accrued income | 30,586 | 13,103 |
| | <u>2,026,059</u> | <u>1,583,338</u> |

A deferred tax asset of £15,560 has been recognised at 31 March 2010 (2009: £35,513) see note 4(d). This asset relates to capital allowances less than depreciation and 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 debited to the profit and loss account in the year was £19,952 (2009: credited £21,490).

| 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 2010 £ | 2009 £ |
|---|------------------|------------------|
| Trade creditors | 557,446 | 568,302 |
| Amounts owed to group undertakings | 425,190 | 425,458 |
| Corporation tax | 37,763 | 142,919 |
| Other taxes and social security | 235,995 | 362,028 |
| Other creditors | 18,589 | 19,068 |
| Accruals and deferred income | 123,098 | 273,618 |
| | <u>1,398,081</u> | <u>1,791,393</u> |

| 8. CALLED UP SHARE CAPITAL | 2010 £ | 2009 £ |
|---|---------------|---------------|
| Allotted, called up and fully paid | | |
| 82,770 £1 Deferred shares | 82,770 | 82,770 |
| 82,770 1p Ordinary shares | 828 | 828 |
| | <u>83,598</u> | <u>83,598</u> |

MITIE MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

9. RESERVES

| | Profit and loss account £ | Capital contribution reserve £ |
|-------------------------------|------------------------------------|---|
| At 1 April 2009 | 5,499,811 | 17,434 |
| Profit for the financial year | 323,346 | - |
| Share based payment expense | - | 2,855 |
| At 31 March 2010 | 5,823,157 | 20,289 |

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2010 £ | 2009 £ |
|-------------------------------------|------------------|------------------|
| Profit for the financial year | 323,346 | 531,965 |
| Capital contribution | 2,855 | 4,671 |
| Net addition to shareholders' funds | 326,201 | 536,636 |
| Opening shareholders' funds | 5,600,843 | 5,064,207 |
| Closing shareholders' funds | 5,927,044 | 5,600,843 |

11. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | 2010 £ | 2009 £ |
|--|------------------|------------------|
| Operating profit | 396,293 | 612,614 |
| Depreciation | 30,034 | 48,293 |
| Profit on disposal of tangible fixed assets | (3,850) | (1,726) |
| (Increase)/decrease in debtors | (460,795) | 441,252 |
| (Decrease)/increase in creditors | (288,156) | 115,163 |
| Share based payment expense | 2,855 | 4,671 |
| Decrease/(increase) in stocks | 2,807 | (43,961) |
| Net cash (outflow)/inflow from operating activities | (320,812) | 1,176,306 |

12. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 April 2009 £ | Cash flow £ | At 31 March 2010 £ |
|--------------------------|-------------------------|----------------|--------------------------|
| Cash at bank and in hand | 5,687,908 | (462,168) | 5,225,740 |

MITIE MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2010 £ | 2009 £ |
|---|------------------|------------------|
| (Decrease)/increase in cash in the year | (462,168) | 907,073 |
| Net funds at beginning of year | 5,687,908 | 4,780,835 |
| Net funds at end of year | 5,225,740 | 5,687,908 |

14. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings £ | 2010 Office equipment £ | Land and buildings £ | 2009 Office equipment £ |
|----------------------------|----------------------------|----------------------------------|----------------------------|----------------------------------|
| Expiry date: | | | | |
| - within one year | 11,400 | 1,148 | 6,309 | - |
| - within two to five years | 23,614 | 1,475 | 23,614 | 3,172 |
| - over five years | - | - | - | 2,747 |
| | <u>35,014</u> | <u>2,623</u> | <u>29,923</u> | <u>5,919</u> |

15. DIRECTORS

| | 2010 £ | 2009 £ |
|---|----------------|----------------|
| The emoluments of directors of the company were: | | |
| Fees and other emoluments (excluding pension contributions but including benefits-in-kind) | <u>296,519</u> | <u>365,479</u> |
| Fees and emoluments above (excluding pension contributions) include amounts paid to: | £ | £ |
| Highest paid director | <u>109,619</u> | <u>132,934</u> |

The accrued pension of the highest paid director at 31 March 2010 was £12,474 (2009: £11,206).

MITIE MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

| 15. DIRECTORS (continued) | 2010 No. | 2009 No. |
|--|-------------|-------------|
| The number of directors who were members of a defined benefit pension scheme | <u>3</u> | <u>3</u> |

S C Baxter, R McGregor-Smith and W Robson 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 McCartney Fire Protection 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.

16. EMPLOYEES

Number of employees

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

| | 2010 No. | 2009 No. |
|---|------------------|------------------|
| Site labour | 64 | 79 |
| Administration and management | <u>25</u> | <u>23</u> |
| | <u>89</u> | <u>102</u> |
| Employment costs (including directors) | £ | £ |
| Wages and salaries | 2,675,654 | 3,224,237 |
| Social security costs | 265,271 | 324,642 |
| Other pension costs | 85,478 | 64,331 |
| Share based payment expense (note 17) | <u>2,855</u> | <u>4,671</u> |
| | <u>3,029,258</u> | <u>3,617,881</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

17. 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 or greater than 10.0% per annum compound.

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 period | 62,539 | 190 | 45,543 | 165 |
| Granted during the period | 9,967 | 202 | 32,839 | 207 |
| Forfeited during the period | (6,415) | 198 | (5,843) | 138 |
| Exercised during the period | - | - | (10,000) | 162 |
| Outstanding at the end of the period⁽¹⁾ | 66,091 | 191 | 62,539 | 190 |
| Exercisable at the end of the period | 22,000 | 171 | 22,000 | 171 |

⁽¹⁾ Included within this balance are 17,000 (2009: 17,000) 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: 57p to 174p).

MITIE MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

17. SHARE-BASED PAYMENTS (continued)

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

| | 2010 £ | 2009 £ |
|------------------------------------|--------------|--------------|
| 2001 Executive share options | 2,794 | 1,992 |
| 2001 Savings Related share options | 61 | 2,679 |
| | <u>2,855</u> | <u>4,671</u> |

There were no options exercised in the current year. The weighted average share price at the date of exercise for share options exercised during 2009 was 162p.

The options outstanding at 31 March 2010 had a weighted average exercise price of 191p (2009: 190p) and a weighted average remaining contractual life of 4.76 years (2009: 5.34 years).

In the year ended 31 March 2010, options were granted in July and August 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 £4,478.

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 £9,314.

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 230 | 133 to 230 |
| Exercise price (p) | 120 to 254 | 120 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 MCCARTNEY FIRE PROTECTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

18. 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 33 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £6.8 million (2009: surplus of £3.0 million).

Contributions to the scheme for the period are shown in note 16. The combined contribution rate for employee and employer contributions for the next 12 months is 17.5% (2009: 17.5%).

19. 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 Engineering Services Limited | Fire protection services | 10,206 | - | - | - |
| MITIE Property Services (UK) Limited | Fire protection services | 10,530 | 63,664 | - | 33,916 |

There were no transactions with entities other than members of MITIE Group PLC which require disclosure under FRS 8.

Dividends paid to directors amounted to £nil (2009: £nil); no amounts were owing at the year end.

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