

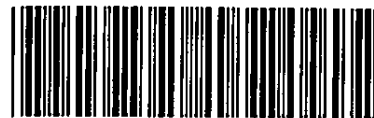
Company Registration Number 01013210

MITIE SECURITY LIMITED

Report and Financial Statements

Year ended 31 March 2012

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MITIE SECURITY LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2012

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MITIE SECURITY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R D Forsyth
M A Freeman
J S Tomlin

SECRETARY

MITIE Company Secretarial Services Ltd

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

Barclays Bank PLC
PO Box 119
Park House
Stoke Gifford
BS34 8TN

AUDITOR

Deloitte LLP
London

MITIE SECURITY 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

Provider of a mix of Security services to keep people, buildings and assets safe

The company's profit and loss account is shown on page 8. The profit after tax is £7,213,000 (2011 7,220,000). This is a strong result in a challenging year, with excellent client retention.

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 the 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.

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:

Ordinary shares £212.27 per share (2011 £169.97)

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

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

The company was profitable in the year. The directors have considered the forecast and budgeted profit and associated cash flows for the foreseeable future. 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 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 2012, trade creditors as a proportion of amounts invoiced from suppliers for the financial year represented 25 days (2011: 20 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.

DIRECTORS

The directors during the year and subsequently were as follows:

R D Forsyth (Appointed 26 March 2012)

M A Freeman (Appointed 26 March 2012)

J S Tomlin

J P Flanagan (Resigned 26 March 2012)

N R Goodman (Resigned 30 March 2012)

DIRECTORS' REPORT (continued)

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 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

Approved by the Board and signed on its behalf by

M A Freeman
Director

A handwritten signature in dark ink, appearing to be 'MAF', followed by a long horizontal flourish.

28 June 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE SECURITY LIMITED

We have audited the financial statements of MITIE Security Limited for the year ended 31 March 2012 which comprise Profit and Loss Account, the Balance Sheet, and the related notes 1 to 23. 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 2012 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 matters 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 returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Colin Hudson FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

29 June 2012

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2012

	Note	2012 £'000	2011 £'000
TURNOVER	1	175,434	175,457
Cost of sales		(156,547)	(154,399)
GROSS PROFIT		<u>18,887</u>	<u>21,058</u>
Administration expense		(9,188)	(10,629)
OPERATING PROFIT	2	<u>9,699</u>	<u>10,429</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>9,699</u>	<u>10,429</u>
Interest receivable and similar income	3	266	182
Interest payable and similar charges	3	(6)	(6)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>9,959</u>	<u>10,605</u>
Tax charge on profit on ordinary activities	5	(2,746)	(3,385)
PROFIT FOR THE FINANCIAL YEAR	15	<u>7,213</u>	<u>7,220</u>

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 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.

BALANCE SHEET
As at 31 March 2012

		2012		2011	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	6		1,029		1,029
Goodwill	7		3,777		-
Intangible assets	8		522		4,935
Tangible assets	9		1,756		1,605
			<u>7,084</u>		<u>7,569</u>
CURRENT ASSETS					
Debtors					
- due within one year	10	39,738		34,026	
Cash at bank and in hand		<u>11,010</u>		<u>13,673</u>	
			<u>50,748</u>		<u>47,699</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(39,531)</u>		<u>(40,185)</u>	
NET CURRENT ASSETS			<u>11,217</u>		<u>7,514</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			18,301		15,083
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12		(4)		(46)
NET ASSETS			<u>18,297</u>		<u>15,037</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	14		19		19
Share premium account	15		1		1
Profit and loss account	15		18,277		15,017
SHAREHOLDERS' FUNDS	16		<u>18,297</u>		<u>15,037</u>

The financial statements of MITIE Security Limited, company registered number 01013210, were approved by the board and authorised for issue. They were signed on behalf of the board by

M A Freeman
Director



28 June 2012

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

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

Details regarding the directors' consideration of going concern are given in the going concern section of the directors' report.

Turnover

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

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Intangible assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is 20 years. Provision is made for any impairment.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

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:

Leasehold improvements: lease term

Motor Vehicles: 2 to 4 years

Fixtures, fitting, tools and equipment: 3 to 10 years

Operating leases

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

Finance leases

Assets held under hire purchase arrangements, which confer rights and obligations similar to those attached to current assets, are capitalised as tangible fixed assets and depreciated over the shorter of the lease terms and useful lives. The capital elements of future hire purchase obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to provide a constant rate of charge on the balance of capital repayments outstanding.

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

ACCOUNTING POLICIES (continued)

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.

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 contributions payable in the year.

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.

Group accounts

Consolidated group accounts are not prepared as the group has taken advantage of the exemption from this requirement, conferred by Financial Reporting Standard 2, on the grounds that its accounts are consolidated in the larger group of MITIE Group PLC. Accordingly, the financial statements present information about the company as an entity and not as a group.

Cash flow 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.

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

2 OPERATING PROFIT

	2012 £'000	2011 £'000
Operating Profit is stated after charging/(crediting)		
(Profit)/loss on disposal of fixed assets	(18)	25
Depreciation of tangible fixed assets		
owned	740	566
held under finance leases and hire purchase contracts	62	111
Research and development		
current year expenditure	537	102
amortisation of deferred expenditure	117	-
Amortisation of goodwill	1,056	1,056
Operating lease rentals		
plant and machinery	187	140
other	599	468
Fees payable to the company's auditor for the audit of the company's annual accounts	38	36

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

	2012 £'000	2011 £'000
Interest receivable and similar income		
Bank interest	266	182
	<u>266</u>	<u>182</u>
Interest payable and similar charges		
Finance leases	6	6
	<u>6</u>	<u>6</u>

4 DIVIDENDS

The dividends approved and paid in the year are as follows

	2012 £'000	2011 £'000
Ordinary shares	4,033	3,229
	<u>4,033</u>	<u>3,229</u>

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £'000	2011 £'000
(a) Analysis of charge in the year		
United Kingdom corporation tax 26% (2011 28%)	2,987	3,378
Adjustment in respect of prior years	(215)	(57)
Total current tax (Note 5(b))	<u>2,772</u>	<u>3,321</u>
Deferred taxation		
Timing differences - origination and reversal	(144)	(17)
Adjustment in respect of prior years	118	81
Tax on profit on ordinary activities	<u>2,746</u>	<u>3,385</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 26% (2011 28%) The differences are as follows

	£'000	£'000
Profit on ordinary activities before tax	<u>9,959</u>	<u>10,605</u>
	£'000	£'000
Tax at 26% (2011 28%) thereon	2,589	2,969
Expenses not deductible for tax purposes	324	326
Differences between capital allowances and depreciation	79	44
Relief in respect of employee share options	(26)	(1)
Other timing differences	21	40
Adjustments to tax charge in respect of prior periods	(215)	(57)
Current tax charge for the year (Note 5(a))	<u>2,772</u>	<u>3,321</u>

The UK Government announced a reduction in the UK corporation tax rate from 26% to 24% from 1 April 2012, which was substantively enacted on 26 March 2012. The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those assets are expected to reverse has not had a material impact on the current year tax charge. The UK Government has indicated that it intends to enact further reductions in the main tax rate of 1% each year down to 22% by 1 April 2014. Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time.

The deferred tax balance comprises the following	£'000	£'000
Depreciation in excess of capital allowances	120	162
Share based payment timing difference	85	10
Other timing differences	8	15
	<u>213</u>	<u>187</u>
	£'000	£'000
Amount (credited)/charged to the profit and loss account in the year in relation to deferred tax	<u>(26)</u>	<u>64</u>

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

6 INVESTMENTS

		2012 £'000	2011 £'000
Investments at	1 April 2011	1,029	1,029
Investments at	31 March 2012	1,029	1,029

The investments balance at 31 March 2012 represented interests in the following companies

Name of subsidiary	Principal Activity	Class of shares held	Percentage of shares and voting rights held	Country of incorporation
Guardnte Plc	Dormant	Ordinary	100% UK	
MITIE Aviation Security Ltd	Manned Guarding	Ordinary	99.9% UK	
MITIE Dormant (No 1) Limited	Dormant	Ordinary	99.9% UK	
MITIE Security Services Limited	Dormant	Ordinary	50% UK	
MITIE Security Training	Dormant	Ordinary	100% UK	
Secunguard Scotland Limited	Dormant	Ordinary	50% UK	
Secunguard Services (Eastern)	Dormant	Ordinary	99.6% UK	
Secunguard Services (Southern)	Dormant	Ordinary	50% UK	
Secunguard Services (Northern)	Dormant	Ordinary	99% UK	
Secunguard Technical Systems	Dormant	Ordinary	50% UK	
Sigma Group Limited	Dormant	Ordinary	100% UK	

The company has taken advantage of Section 400 of the Companies Act 2006 and therefore no consolidated financial statements have been prepared

7 GOODWILL

	£'000
Cost	
At 1 April 2011	10,184
At 31 March 2012	10,184
Amortisation	
At 1 April 2011	5,351
Charge for the year	1,056
At 31 March 2012	6,407
Net book value	
At 31 March 2012	3,777
At 31 March 2011	4,833

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

8 INTANGIBLE ASSETS

	£'000
Cost	
At 1 April 2011	102
Additions	537
At 31 March 2012	639
Amortisation	
At 1 April 2011	-
Charge for the year	117
At 31 March 2012	117
Net book value	
At 31 March 2012	522
At 31 March 2011	102

9 TANGIBLE ASSETS

	Leasehold Improvements £'000	Motor Vehicles £'000	Fixtures, fitting, tools and £'000	Total £'000
Cost or valuation				
At 1 April 2011	702	1,081	2,384	4,167
Additions	107	577	432	1,116
Disposals	-	(670)	(73)	(743)
At 31 March 2012	809	988	2,743	4,540
Depreciation				
At 1 April 2011	508	458	1,596	2,562
Charge for the year	144	330	328	802
Disposals	-	(525)	(55)	(580)
At 31 March 2012	652	263	1,869	2,784
Net book value				
At 31 March 2012	157	725	874	1,756
At 31 March 2011	194	623	788	1,605
Leased assets included above				
Net book value				
At 31 March 2012	-	72	-	72
At 31 March 2011	-	185	-	185

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

10 DEBTORS

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	20,447	22,621
Amounts owed by Group undertakings	8,611	4,925
Other debtors	528	1,515
Prepayments and accrued income	9,939	4,778
Deferred tax asset	213	187
	<u>39,738</u>	<u>34,026</u>

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Obligations under finance leases and hire purchase contracts	44	41
Trade creditors	898	1,069
Amounts owed to Group undertakings	21,575	20,969
Corporation tax	1,238	1,705
Other taxation and social security	7,762	8,110
Other creditors	938	1,399
Accruals and deferred income	7,076	6,892
	<u>39,531</u>	<u>40,185</u>

12 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £'000	2011 £'000
Obligations under finance leases	4	46
	<u>4</u>	<u>46</u>

13 FINANCE LEASES

	2012 £'000	2011 £'000
Amounts payable under finance leases		
- within one year	45	41
- within two to five years	4	46
Less finance charges allocated to future periods	(1)	-
	<u>48</u>	<u>87</u>

All obligations under finance leases are secured against the assets to which they relate

14 CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'000
Allotted, called up and fully paid share capital		
19,000 £1 Ordinary shares	19	19
	<u>19</u>	<u>19</u>

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

15 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 April 2011	1	15,017
Profit for the year	-	7,213
Dividend	-	(4,033)
Capital contribution relating to share based payments	-	80
At 31 March 2012	<u>1</u>	<u>18,277</u>

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £'000	2011 £'000
Profit for the financial year	7,213	7,220
Dividends paid on equity shares	(4,033)	(3,229)
Capital contribution relating to share-based payments	80	142
Net addition to shareholders' funds	<u>3,260</u>	<u>4,133</u>
Opening shareholders' funds	15,037	10,904
Closing shareholders' funds	<u>18,297</u>	<u>15,037</u>

17 FINANCIAL COMMITMENTS

The company had no commitments in respect of operating leases at the end of the current or prior year

Capital commitments

The company had the following capital commitments which were contracted at the year end but not provided for

	2012 £'000	2011 £'000
- capital expenditure	39	-
- other	-	-
	<u>39</u>	<u>-</u>

Performance bonds

The company has outstanding performance bonds as follows

	2012 £'000	2011 £'000
Performance bonds	<u>33</u>	<u>33</u>

Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantees of each others' bank overdrafts and loans

	2012 £'000	2011 £'000
Overall commitment	<u>157,300</u>	<u>195,300</u>

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

18 DIRECTORS

	2012 £'000	2011 £'000
The emoluments of the directors of the company were		
- Aggregate emoluments	160	154
- Aggregate value of contributions paid to a money purchase pension scheme	13	12
	<u>173</u>	<u>166</u>

	2012 No	2011 No
The number of directors who were members of a defined contribution pension scheme	<u>1</u>	<u>-</u>

	2012 £'000	2011 £'000
Highest paid director:		
- Aggregate emoluments	160	154
- Aggregate value of contributions paid to a money purchase pension scheme	13	12
	<u>173</u>	<u>166</u>

The highest paid director did not exercise share options in the year

The following directors are also directors or employees of another group company. They are remunerated by the company shown. It is not practicable to allocate their remuneration between their services as directors of this company and as directors or employees of other group companies.

Director	Remunerated by
J P Flanagan	MITIE Group Plc
N R Goodman	MITIE Group Plc
M A Freeman	MITIE Facilities Services Limited

19 EMPLOYEES

Average employee numbers

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

	2012 No	2011 No.
Operations	6,331	7,328
Administration	123	122
	<u>6,454</u>	<u>7,450</u>

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

EMPLOYEES (continued)

Employment cost	£'000	£'000
Wages and salaries	136,687	135,569
Social security costs	11,814	11,985
Other pension costs	403	403
Share-based payments	80	142
	<u>148,984</u>	<u>148,099</u>

20 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, 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 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.

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

SHARE-BASED PAYMENTS (continued)

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

	2012		2011	
	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	986,880	201	1,040,799	206
Granted during the year	175,000	228	207,010	184
Forfeited during the year	(113,666)	199	(214,633)	206
Transferred (to)/from Group subsidiaries during the year	19,250	248	(37,161)	220
Exercised during the year	(226,299)	202	(9,135)	165
Outstanding at end of the year	841,165	208	986,880	201
Exercisable at end of year	228,750	224	85,000	254

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

	2012 £'000	2011 £'000
2001 Executive share options	61	76
2001 Savings Related share options	21	61
Long-term incentive plan scheme (LTIP)	(2)	6
	80	143
	2012	2011
The weighted average share price at the date of exercise for share options exercised during the year was (p)	246	209
The options outstanding at the year-end had a weighted average price of (p)	209	202
The options outstanding at the year-end had a weighted average remaining contractual life of (years)	5	5

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

SHARE-BASED PAYMENTS (continued)

The company granted options in the period as detailed below

Share scheme	Fair value £'000
ESOS	54

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

	2012	2011
Share price (p)	191 to 243	191 to 230
Exercise price (p)	0 to 254	0 to 254
Expected volatility (%)	28 to 36	28 to 36
Expected life (years)	3 to 6	3 to 6
Risk-free rate (%)	1.48 to 5.25	1.49 to 5.25
Expected dividends (%)	2.22 to 4.10	2.22 to 3.93

21 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 37 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £17.2 million (2011: deficit of £3 million).

Employer contributions to the scheme for the period are shown in note 19. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2011: 17.5%).

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

22 RELATED PARTY TRANSACTIONS

Set out below are the related party transactions. The company has taken the exemption available under FRS 8 not to disclose transactions with other wholly-owned subsidiaries of MITIE Group PLC. There were no transactions with entities other than members of MITIE Group PLC which require disclosure under FRS 8.

Related Party	Nature of transaction	Transaction amount		Year end balance	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
MITIE Group PLC	Incurred management charges	664	542	-	-
MITIE Aviation Security Limited	Management charges	84	22	-	-
MITIE Security Systems Limited	Management charges	69	40	-	-
MITIE Security London Limited	Management charges	868	531	-	-
MITIE Property Limited	Rent Payable	599	429	-	9
MITIE Facilities Management Limited	Fixed Asset Sales	-	49	-	-
MITIE Security London Limited	Fixed Asset Sales	-	9	-	-
MITIE Security London Limited	Fixed asset purchases	-	12	-	-
Dalkia Facilities Management	Sales of goods and services	62	92	-	2,218
MITIE Aviation Security Limited	Sales of goods and services	909	834	4	110
MITIE Business Services Limited	Sales of goods and services	133	127	34	38
MITIE Care & Custody Limited	Sales of goods and services	883	516	117	53
MITIE Cleaning & Support Services Limited	Sales of goods and services	420	-	-	-
MITIE Cleaning & Environmental Services Limited	Sales of goods and services	2,902	6,020	360	363
MITIE Client Services Limited	Sales of goods and services	-	10	-	-
MITIE Engineering Maintenance Limited	Sales of goods and services	320	352	-	36
MITIE Engineering Services Limited	Sales of goods and services	-	11	4	4
MITIE Facilities Management - Ireland Limited	Sales of goods and services	51	2	53	2
MITIE Facilities Management Limited	Sales of goods and services	2,397	3,323	1,420	313
MITIE Group Plc	Sales of goods and services	90	270	17	13

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

RELATED PARTY TRANSACTIONS (continued)

MITIE Interiors Limited	Sales of goods and services	-	4	-	-
MITIE Lyndhurst Limited	Sales of goods and services	4	17	2	5
MITIE Managed Services (Southern) Limited	Sales of goods and services	78	88	46	71
MITIE Managed Services Limited	Sales of goods and services	1,520	1,400	88	42
MITIE PFI Limited	Sales of goods and services	85	47	31	38
MITIE Property Management Limited	Sales of goods and services	1	6	-	-
MITIE Property Services Limited	Sales of goods and services	26	20	2	11
MITIE Resources Limited	Sales of goods and services	-	24	-	-
MITIE Security Systems Limited	Sales of goods and services	498	501	30	99
MITIE Technical Facilities Management limited	Sales of goods and services	19,580	8,616	4,379	-
MITIE Waste & Environmental	Sales of goods and services	140	19	-	-
MITIE Window Cleaning Services	Sales of goods and services	5	33	-	-
Cole Motors Ltd	Purchased goods and services	32	5	-	36
MITIE Aviation Security Limited	Purchased goods and services	-	4	-	-
MITIE Catering Limited	Purchased goods and services	-	86	(1)	-
MITIE Cleaning & Environmental Services Limited	Purchased goods and services	4,916	4,212	818	-
MITIE Document Solutions	Purchased goods and services	21	45	-	-
MITIE Energy Limited	Purchased goods and services	-	1	-	-
MITIE Engineering Maintenance Limited	Purchased goods and services	-	58	-	-
MITIE Property Services (UK) Limited	Purchased goods and services	324	-	-	-

MITIE SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

RELATED PARTY TRANSACTIONS (continued)

MITIE Facilities Management Limited	Purchased goods and services	-	1,822	-	-
MITIE Lyndhurst Limited	Purchased goods and services	-	398	-	-
MITIE Managed Services Limited	Purchased goods and services	5	2	-	-
MITIE Pest Control Limited	Purchased goods and services	1	8	-	-
MITIE Security Systems Limited	Purchased goods and services	1,904	1,939	2	316
MITIE Services (Retail Limited)	Purchased goods and services		2	-	-
MITIE Technical Facilities Management limited	Purchased goods and services	857	623	57	85
MITIE Waste & Environmental	Purchased goods and services	4	3	-	2
MITIE Landscapes Limited	Purchased goods and services	10	-	-	-
MITIE Facilities Services Limited	Purchased goods and services	2,403	-	39	-

23 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