

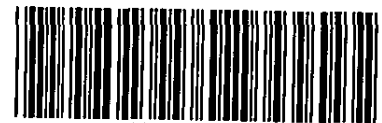
**Company Registration Number 01013210**

**MITIE SECURITY LIMITED**

**Report and Financial Statements**

**31 March 2010**

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# **MITIE SECURITY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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## **MITIE SECURITY LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J P Flanagan  
N R Goodman  
J S Tomlin

#### **SECRETARY**

MITIE Company Secretarial Services Limited

#### **REGISTERED OFFICE**

8 Monarch Court  
The Brooms  
Emersons Green  
Bristol  
BS16 7FH

#### **BANKERS**

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

#### **AUDITORS**

Deloitte LLP  
Bristol

## **MITIE SECURITY LIMITED**

### **DIRECTORS' REPORT**

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

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

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

The company provides security services.

The company's profit and loss account is shown on page 6. The profit after tax is £5,098,000 (2009: £3,574,000).

The company is a subsidiary of MITIE Group PLC (the 'Group'). 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**

The directors do not recommend a final dividend for the year ended 31 March 2010 (2009: £nil). The dividend paid in the year was £2,188,000 (2009: £2,524,000).

### **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.

## **MITIE SECURITY 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. The company does not enter into any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall MITIE Group PLC financing arrangements.

#### **PAYMENT POLICY**

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March 2010, trade creditors, as a proportion of amounts invoiced from suppliers for the financial period, represented 23 days (2009: 13 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.

#### **GOING CONCERN**

The company was profitable in the year. The directors have considered the forecast/budgeted profit and associated cash flows for the coming five years. The directors have considered the facilities available to the entity (through the Group) and believe that they can operate within the facilities available for the period of the cash flow forecast.

#### **DIRECTORS**

The directors during the financial year and subsequently were as follows:

J P Flanagan

N R Goodman

J S Tomlin

S C Baxter (resigned 2 March 2010)

R McGregor-Smith (resigned 8 February 2010)

**MITIE SECURITY LIMITED**

**DIRECTORS' REPORT (continued)**

**AUDITORS**

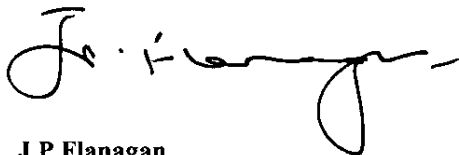
Each of the persons who is a director at the date of approval of this report confirms that

- (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

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 auditors in the absence of an Annual General Meeting

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

A handwritten signature in black ink, appearing to read 'J P Flanagan', with a long horizontal stroke extending to the right.

**J P Flanagan**  
Director

5 July 2010

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

We have audited the financial statements of MITIE Security Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. 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

*9 July 2010*

# MITIE SECURITY LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	1	171,206	169,026
Cost of sales		(152,262)	(150,881)
<b>GROSS PROFIT</b>		18,944	18,145
Administrative expenses		(11,821)	(12,918)
<b>OPERATING PROFIT</b>	2	7,123	5,227
Income from shares in group undertakings		-	250
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		7,123	5,477
Interest receivable	3	85	-
Interest paid and similar charges	4	(12)	(48)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		7,196	5,429
Tax on profit on ordinary activities	5	(2,271)	(1,855)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	14	4,925	3,574

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.

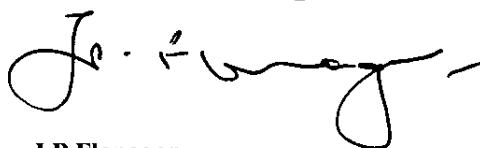


# MITIE SECURITY LIMITED

## BALANCE SHEET At 31 March 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Investments	7		1,029		1,029
Intangible assets	8		5,889		6,945
Tangible assets	9		1,652		2,218
			<u>8,570</u>		<u>10,192</u>
<b>CURRENT ASSETS</b>					
Debtors	10	32,548		32,872	
Cash at bank and in hand		9,947		5,919	
		<u>42,495</u>		<u>38,791</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	(40,075)		(40,797)	
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			<u>2,420</u>		<u>(2,006)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			10,990		8,186
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12		(86)		(144)
<b>NET ASSETS</b>			<u>10,904</u>		<u>8,042</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		19		19
Share premium account	14		1		1
Profit and loss account	14		10,884		8,022
<b>SHAREHOLDERS' FUNDS</b>	15		<u>10,904</u>		<u>8,042</u>

The financial statements of MITIE Security Limited, company registration number 01013210, were approved by the Board on 5 July 2010



**J P Flanagan**  
Director

## **MITIE SECURITY 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 financial statements have been prepared under the going concern basis as discussed on page 3.

##### **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.

##### **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 life, as follows:

Leasehold improvements	10 years
Motor vehicles	4 years
Fixtures, fittings, tools and equipment	5 years

##### **Intangible assets - goodwill**

Goodwill arising on the acquisition of 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 not more than 20 years. Provision is made for any impairment.

## **MITIE SECURITY 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 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.

##### **Operating leases and finance leases**

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

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.

##### **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.

##### **Cash flow statement**

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

# MITIE SECURITY LIMITED

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

### 2. OPERATING PROFIT

	2010 £'000	2009 £'000
Operating profit is stated after charging		
Depreciation of owned assets	514	1,076
Depreciation of assets held under finance leases	163	213
Operating lease rentals		
- land and buildings	660	512
- other	42	93
Auditors' remuneration - audit services	69	47
Amortisation of goodwill	1,056	1,057

The auditors' remuneration figure above included audit fees borne on behalf of MITIE Aviation Security Limited, MITIE Security (London) Limited and MITIE Security Holdings Limited. It is impractical to apportion the fee attributable to these companies.

There were no fees payable to Deloitte LLP and their associates for non-audit services during the year or the prior year.

### 3. INTEREST RECEIVABLE

	2010 £'000	2009 £'000
Bank interest	85	-

### 4. INTEREST PAID AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Bank overdrafts	-	22
Finance leases	12	26
	12	48

# MITIE SECURITY LIMITED

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

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010 £'000	2009 £'000
<b>(a) Analysis of charge in year</b>		
United Kingdom corporation tax at 28% (2009 28%)	2,377	2,008
Adjustment in respect of prior periods	(105)	(28)
<b>Total current tax (note 5(b))</b>	<b>2,272</b>	<b>1,980</b>
Deferred taxation		
Timing differences - origination and reversal	(70)	(163)
Adjustment in respect of prior period	69	38
<b>Tax on profit on ordinary activities</b>	<b>2,271</b>	<b>1,855</b>

#### (b) Factors affecting tax charge in year

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

	£'000	£'000
Profit on ordinary activities before tax	7,196	5,429
<b>Tax charge at 28% (2009 28%) thereon</b>	<b>2,015</b>	<b>1,520</b>
Expenses not deductible for tax purposes	333	365
Non-taxable income from shares in group undertakings	-	(70)
Depreciation in excess of capital allowances	21	143
Relief in respect of employee share options	11	22
Other timing differences	18	28
Adjustments in respect of prior years	(105)	(28)
Notional interest on inter-company loans	(21)	-
<b>Current tax charge for the year (note 5(a))</b>	<b>2,272</b>	<b>1,980</b>

#### (c) Factors affecting future tax charges

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

# MITIE SECURITY LIMITED

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

### 6. DIVIDENDS

The dividends approved and paid in the year are as follows	2010 £'000	2009 £'000
£115.16 (2009 £132.83) per ordinary share	<u>2,188</u>	<u>2,524</u>

### 7. INVESTMENTS

	2010 £'000	2009 £'000
Investments	<u>1,029</u>	<u>1,029</u>

The investments balance at 31 March 2010 represented interests in the following companies, all of which are incorporated in Great Britain

Name of subsidiary	Principal activity	Class of shares held	Percentage of shares and voting rights held
Guardrite plc	Dormant	Ordinary	100%
MITIE Aviation Security Limited	Manned Guarding	Ordinary	99.99%
MITIE Dormant (No. 1) Limited	Dormant	Ordinary	99.90%
MITIE Security Services Limited	Dormant	Ordinary	50%
MITIE Security Training Academy Limited	Dormant	Ordinary	100%
Securiguard Scotland Limited	Dormant	Ordinary	50%
Securiguard Services (Eastern) Limited	Dormant	Ordinary	99.60%
Securiguard Services (London) Limited	Dormant	Ordinary	50%
Securiguard Services (Northern) Limited	Dormant	Ordinary	99%
Securiguard Technical Systems Limited	Dormant	Ordinary	50%
Sigma Group Limited	Dormant	Ordinary	100%

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

# MITIE SECURITY LIMITED

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

### 8. INTANGIBLE FIXED ASSETS

	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 April 2009 and 31 March 2010	10,184
<b>Amortisation</b>	
At 1 April 2009	3,239
Charge for the year	1,056
At 31 March 2010	4,295
<b>Net book value</b>	
At 31 March 2010	5,889
At 31 March 2009	6,945

### 9. TANGIBLE FIXED ASSETS

	<b>Leasehold improvements £'000</b>	<b>Motor vehicles £'000</b>	<b>Fixtures, fittings tools and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 April 2009	692	2,136	2,695	5,523
Additions	16	227	173	416
Disposals	(6)	(979)	(103)	(1,088)
Transfers in from group companies	8	126	328	462
Transfers out to group companies	-	(10)	(691)	(701)
At 31 March 2010	710	1,500	2,402	4,612
<b>Depreciation</b>				
At 1 April 2009	305	1,174	1,826	3,305
Charge for the year	72	329	276	677
Disposals	(4)	(799)	(101)	(904)
Net transfers in from group companies	3	71	261	335
Net transfers out to group companies	-	(5)	(448)	(458)
At 31 March 2010	376	770	1,814	2,960
<b>Net book value</b>				
At 31 March 2010	334	730	588	1,652
At 31 March 2009	387	962	869	2,218

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 9. TANGIBLE FIXED ASSETS (continued)

The net book value of vehicles acquired under finance leases included in the above amounts is £351,000 (2009 £231,000). This is made up of cost of £862,000 (2009 £792,000) less aggregate depreciation of £511,000 (2009 £561,000).

10. DEBTORS	2010 £'000	2009 £'000
Trade debtors	22,908	24,262
Amounts owed by group undertakings	4,869	4,217
Other debtors	583	189
Deferred tax asset	252	251
Prepayments	3,936	3,953
	<u>32,548</u>	<u>32,872</u>

A net deferred tax asset of £252,000 has been recognised at 31 March 2010 (2009 £251,000). This asset relates to depreciation in excess of capital allowances, timing differences relating to share-based payments and other short-term timing differences. The directors are of the opinion that suitable profits will be available in the forthcoming periods in which these differences will reverse. The amount credited to the profit and loss account in the year was £1,000 (2009 £125,000).

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2010 £'000	2009 £'000
Obligations under finance lease and hire purchase contracts (note 16)	37	124
Trade creditors	868	3,782
Amounts owed to group undertakings	22,014	19,785
Corporation tax	1,149	1,284
Other taxes and social security costs	7,144	7,755
Other creditors	2,506	1,827
Accruals and deferred income	6,357	6,240
	<u>40,075</u>	<u>40,797</u>



# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £'000	2009 £'000
Obligations under finance lease and hire purchase contracts (note 16)	86	144

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

### 13. CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
Allotted, called up and fully paid 19,000 £1 Ordinary shares	19	19

### 14. RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 April 2009	1	8,022
Profit for the financial year	-	4,925
Dividends (note 6)	-	(2,188)
Capital contribution relating to share-based payments	-	125
At 31 March 2010	1	10,884

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

	2010 £'000	2009 £'000
Profit for the financial year	4,925	3,574
Dividends (note 6)	(2,188)	(2,524)
Capital contribution relating to share-based payments	125	85
Net addition to shareholders' funds	2,862	1,135
Opening shareholders' funds	8,042	6,907
Closing shareholders' funds	10,904	8,042

# MITIE SECURITY LIMITED

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

16. FINANCIAL COMMITMENTS	2010 £'000	2009 £'000
Amounts payable under finance lease (notes 11 and 12)		
- within one year	44	137
- within two to five years	92	158
- after more than five years	-	-
Less finance charges allocated to future periods	(13)	(27)
	<u>123</u>	<u>268</u>

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

	2010		2009	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date in less than one year	117	12	8	12
Expiry date between two and five years	135	-	263	-
Expiry date after five years	154	-	115	-
	<u>406</u>	<u>12</u>	<u>386</u>	<u>12</u>

### Commitments on behalf of the group undertakings

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts and loans. As at 31 March 2010, the overall commitment was £109 million (2009 £10 million)

### Performance bonds

	2010 £'000	2009 £'000
The company had outstanding performance bonds as follows		
Performance bonds	<u>308</u>	<u>308</u>

# MITIE SECURITY LIMITED

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

17	DIRECTORS	2010 £'000	2009 £'000
	Aggregate emoluments (in respect of qualifying services to the company)	513	453
	Aggregate value of contributions paid to a money purchase pension scheme (in respect of qualifying services to the company)	32	28
		<u>          </u>	<u>          </u>
		No.	No.
	The number of directors to whom retirement benefits are accruing under a money purchase pension scheme (in respect of qualifying services)	2	2
		<u>          </u>	<u>          </u>
		£'000	£'000
	Highest paid director (in respect of qualifying services to the company)		
	- total amount of emoluments	341	281
	- accrued pension benefits under the defined benefit scheme	20	16
		<u>          </u>	<u>          </u>

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

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

## 18 EMPLOYEES

### Number of employees

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

	2010 No	2009 No.
Operations	7,748	8,014
Administration	162	130
	<u>7,910</u>	<u>8,144</u>
<b>Employment costs</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	136,237	137,699
Social security costs	12,159	12,518
Other pension costs	427	489
Share-based payment (see note 19)	125	85
	<u>148,948</u>	<u>150,791</u>

# MITIE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

### 19. 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 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.

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

	2010		2009	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of the year	909,400	208	493,848	211
Granted during the year	338,197	195	530,443	201
Forfeited during the year	(152,539)	208	(83,381)	187
Transferred (to)/from Group subsidiaries during the year	(9,689)	193	(10,672)	202
Exercised during the year	(44,570)	151	(20,838)	171
<b>Outstanding at end of the year<sup>(1)</sup></b>	<b>1,040,799</b>	<b>207</b>	<b>909,400</b>	<b>208</b>
<b>Exercisable at end of the year</b>	<b>15,500</b>	<b>167</b>	<b>16,715</b>	<b>153</b>

<sup>(1)</sup> Included within this balance are nil (2009: nil) 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 in 2010 range from 117p to 174p (2009: 57p to 174p).

# MITIE SECURITY LIMITED

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

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

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

	2010 £'000	2009 £'000
2001 Executive share options	62	50
2001 Savings Related share options	57	35
Long-term incentive plan scheme (LTIP)	6	-
	<u>125</u>	<u>85</u>

The weighted average share price at the date of exercise for share options exercised during the period was 240p (2009 198p)

The options outstanding at 31 March 2010 had a weighted average exercise price of 207p (2009 208p) and a weighted average remaining contractual life of 5.86 years (2009 6.08 years)

In the year ended 31 March 2010, options were granted in July and August 2009 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 £175,824.

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 £158,897.

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

	2010	2009
Share price (p)	133 to 230	133 to 230
Exercise price (p)	0 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 SECURITY LIMITED**

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

**Year ended 31 March 2010**

#### **20. 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).

Employer contributions to the scheme for the period are shown in note 18. The agreed contribution rate for employee and employer contributions for the next 12 months is 17.5% (2009 17.5%).

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

#### **21. RELATED PARTY TRANSACTIONS**

The company is not 100% owned by MITIE Group PLC and hence is required to disclose its transactions with all other entities within the group.

During the year management charges of £1,640,000 (2009 £1,081,000) were payable to companies within MITIE Group PLC. No amount outstanding at the end of the year in respect of these transactions (2009 £nil).

During the year management charges of £1,533,000 (2009 £1,038,000) were charged to companies within MITIE Group PLC. No amount outstanding at the end of the year in respect of these transactions (2009 £nil).

During the year the company paid rent of £199,000 (2009 £151,000) to companies within MITIE Group PLC. No amount outstanding at the end of the year in respect of these transactions (2009 £nil).

During the year the company purchased goods and services amounting to £4,566,000 (2009 £1,141,000) on normal commercial terms from companies within MITIE Group PLC. An amount of £1,436,000 (2009 £345,000) remained outstanding at the end of the year in respect of these transactions.

During the year the company sold goods and services amounting to £10,763,000 (2009 £9,479,000) on normal commercial terms to companies within MITIE Group PLC. An amount of £3,092,000 (2009 £2,485,000) remained outstanding at the end of the year in respect of these transactions.

During the year fixed assets were transferred out to companies within MITIE Group PLC at net book value of £243,000 (2009 £8,000) and fixed assets were transferred in from companies within MITIE Group PLC at net book value of £122,000 (2009 £28,000). No amount outstanding at the end of the year in respect of these transactions (2009 £nil).

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

No dividends were paid to directors (2009 £nil), no amounts were owing at either year end.

**MITIE SECURITY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2010**

**22. 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. The immediate controlling party is MITIE Security Holdings Limited. MITIE Facilities Services Limited is the smallest group and MITIE Group PLC the largest group for which group accounts are prepared. Copies of these financial statements can be obtained from the company secretary at the registered office.