

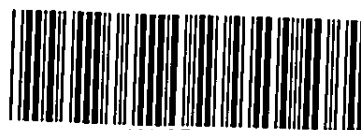
Company Registration Number 2564586

**MITIE ENGINEERING SERVICES
(NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)**

Report and Financial Statements

31 March 2009

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MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

REPORT AND FINANCIAL STATEMENTS 2009

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MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Allen
S C Baxter
G A Doxey
R McGregor-Smith
S B Rogers
N C Watkins

SECRETARY

MITIE Company Secretarial Services Limited

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emersons Green
Bristol
BS16 7FH

BANKERS

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

AUDITORS

Deloitte LLP
Bristol

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2009.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 proper accounting records, which 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 1985. 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 wholly owned subsidiary of MITIE Group PLC (the 'Group'). The company provides installation of electrical and mechanical services in commercial and industrial premises. 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 7, the company's sales have decreased by 15% over the prior year while profit after tax has increased.

The balance sheet on page 8 of the financial statements shows that the company's financial position at the year end has, in net assets terms, improved since 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.

On 31 March 2009, the company purchased the trade and assets of MITIE Engineering Services (Liverpool) Limited and MITIE Engineering Services (Leeds) Limited.

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

DIRECTORS' REPORT (continued)

DIVIDENDS

A dividend of £1.85 (2008: £7.83) per 'A' ordinary share and £1.85 (2008: £7.83) per 'B' ordinary share were approved and paid during the year.

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 forecast profit and associated cash-flows against facilities available to the entity and believe that the going concern basis of preparation for the financial statements continues to be appropriate.

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 2009 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 95 days (2008: 89 days).

In the industry in which the company operates, credit periods are frequently extended by agreement. The company's creditor days are a reflection of this custom.

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.

CHANGE OF NAME

The company changed its name to MITIE Engineering Services (Northern Region) Limited from MITIE Engineering Services (North) Limited on 1 April 2009.

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

DIRECTORS' REPORT (continued)

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.

DIRECTORS

The directors during the year and subsequently were as follows:

G Allen
S C Baxter
G A Doxey
R McGregor-Smith
S B Rogers
N C Watkins

AUDITORS

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP.

Pursuant to Section 386 Companies Act 1985, an elective resolution was passed on 14 March 2005 dispensing with the requirement to appoint auditors annually. Therefore Deloitte LLP are deemed to continue as auditors.

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



S C Baxter
Director

17 July 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED (formerly MITIE Engineering Services (North) Limited)

We have audited the financial statements of MITIE Engineering Services (Northern Region) Limited (formerly MITIE Engineering Services (North) Limited) for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

DELOITTE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

17 July 2009

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2009

	Note	Continuing operations	
		2009	2008
		£	£
TURNOVER	1	10,314,955	12,203,353
Cost of sales		(8,064,203)	(9,712,737)
GROSS PROFIT		2,250,752	2,490,616
Administrative expenses		(1,631,179)	(1,768,680)
OPERATING PROFIT	2	619,573	721,936
Interest receivable and similar income	3	46,328	75,752
Interest payable and similar charges	4	(186)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		665,715	797,688
Tax on profit on ordinary activities	5	(91,443)	(231,189)
PROFIT FOR THE FINANCIAL YEAR	14	574,272	566,499

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 is presented.

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

BALANCE SHEET
At 31 March 2009

	Note	2009		2008	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		105,324		57,801
Intangible fixed assets	8		3,568,788		-
CURRENT ASSETS					
Stocks	10	190		3,809	
Debtors	11	9,531,461		3,413,920	
Cash at bank and in hand		1,650,236		1,702,673	
			11,181,887		5,120,402
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(13,434,204)		(4,053,114)	
NET CURRENT (LIABILITIES) / ASSETS			(2,252,317)		1,067,288
NET ASSETS			1,421,795		1,125,089
SHARE CAPITAL AND RESERVES					
Called up share capital	13		150,000		150,000
Profit and loss account	14		1,271,795		975,089
SHAREHOLDERS' FUNDS	15		1,421,795		1,125,089

These financial statements were approved by the Board of Directors on 17 July 2009.

Signed on behalf of the Board of Directors



S C Baxter
Director

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

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 going concern basis has been considered appropriate as discussed in the directors' report on page 3.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied and contract work completed in the year. All turnover arises within the United Kingdom, from the company's principal activity.

Intangible assets - 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.

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

Leasing and hire purchase commitments

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 ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

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 by 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.

Cash flow statement

The company has taken the exemption, under FRS 8, 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.

2. OPERATING PROFIT

	2009	2008
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation on owned assets	35,898	29,970
Operating lease rentals:		
- plant and machinery	2,120	3,300
- other	56,228	46,600
Auditors' remuneration - audit services	6,290	6,050
Profit on disposal of tangible fixed assets	(6,635)	(3,050)

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

3. INTEREST RECEIVABLE AND SIMILAR INCOME	2009	2008
	£	£
Bank interest	46,328	75,752
	<u> </u>	<u> </u>
4. INTEREST PAYABLE	2009	2008
	£	£
Interest payable	186	-
	<u> </u>	<u> </u>
5. TAX ON PROFIT ON ORDINARY ACTIVITIES	2009	2008
	£	£
(a) Analysis of charge in year		
United Kingdom corporation tax at 28% (2008: 30%)	189,212	244,492
Adjustment in respect of prior years	(115,184)	(1,555)
	<u> </u>	<u> </u>
Total current tax (note 5(b))	74,028	242,937
Deferred taxation:		
Timing differences - origination and reversal	(1,047)	(14,947)
Decrease in tax rate	18,462	2,093
Adjustment in respect of prior years	-	1,106
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	91,443	231,189
	<u> </u>	<u> </u>
(b) Factors affecting tax charge in year		
The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are as follows:		
	£	£
Profit on ordinary activities before tax	665,715	797,688
	<u> </u>	<u> </u>
	£	£
Tax at 28% (2008: 30%) thereon	186,400	239,306
Expenses not deductible for tax purposes	1,956	9,770
Difference between capital allowances and depreciation	856	(1,173)
Relief in respect of employee share options	-	2,378
Timing differences	-	(5,789)
Adjustments in respect of prior years	(115,184)	(1,555)
	<u> </u>	<u> </u>
Current tax charge for the year (note 5(a))	74,028	242,937
	<u> </u>	<u> </u>

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

6. DIVIDENDS

	2009	2008
	£	£
The dividends approved and paid in the year are as follows:		
£1.85 (2008: £7.83) per share on £1 'A' ordinary shares	174,867	740,400
£1.85 (2008: £7.83) per share on £1 'B' ordinary shares	102,699	434,839
	<u>277,566</u>	<u>1,175,239</u>

7. TANGIBLE FIXED ASSETS

	Plant	Office	Motor	Total
	£	equipment	vehicles	£
		£	£	
Cost				
At 1 April 2008	1,144	170,214	116,988	288,346
Additions	-	7,450	20,170	27,620
Disposals	-	-	(75,579)	(75,579)
Transfers in	-	129,926	81,435	211,361
At 31 March 2009	<u>1,144</u>	<u>307,590</u>	<u>143,014</u>	<u>451,748</u>
Depreciation				
At 1 April 2008	1,144	136,884	92,517	230,545
Charge for the year	-	18,847	17,051	35,898
Disposals	-	-	(73,336)	(73,336)
Transfers in	-	108,803	44,514	153,317
At 31 March 2009	<u>1,144</u>	<u>264,534</u>	<u>80,746</u>	<u>346,424</u>
Net book value				
At 31 March 2009	<u>-</u>	<u>43,056</u>	<u>62,268</u>	<u>105,324</u>
At 31 March 2008	<u>-</u>	<u>33,330</u>	<u>24,471</u>	<u>57,801</u>

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

8. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 April 2008	-
Additions	3,569,277
	<hr/>
At 31 March 2009	3,569,277
	<hr/>
Amortisation	
At 1 April 2008	-
Amortisation for the period	489
	<hr/>
At 31 March 2009	489
	<hr/>
Net book value	
At 31 March 2009	3,568,788
	<hr/>

9. ACQUISITIONS

On 31 March 2009, the company acquired the trade and assets of MITIE Engineering Services (Liverpool) Limited and MITIE Engineering Services (Leeds) Limited from MITIE Group PLC. The consideration for the net book value of the assets and liabilities is set out below.

The following table sets out the book values of the identifiable assets and liabilities acquired:

	MITIE Engineering Services (Liverpool) Limited £	MITIE Engineering Services (Leeds) Limited £
Tangible Fixed Assets	27,998	16,836
Debtors	5,130,523	1,538,685
Cash at bank and in hand	1,343,535	-
Creditors	(4,755,141)	(2,899,713)
	<hr/>	<hr/>
Net Assets / (Liabilities)	1,746,915	(1,344,192)
	<hr/>	<hr/>
Goodwill arising on Acquisition	2,070,085	1,499,192
	<hr/>	<hr/>
Satisfied by		
Cash	3,817,000	155,000
	<hr/>	<hr/>

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

9. ACQUISITIONS (continued)

MITIE Engineering Services (Liverpool) Limited incurred a profit after taxation of £543,793 in the year ended 31 March 2009 (2008: £625,697). MITIE Engineering Services (Leeds) Limited incurred a profit after taxation of £324,884 in the year end 31 March 2009 (2008: loss of £456,744). The summarised profit and loss accounts for the period from 1 April 2008 to 31 March 2009, shown on the basis of the accounting policies of MITIE Engineering Services (Liverpool) Limited and MITIE Engineering Services (Leeds) Limited prior to the acquisition are as follows:

Profit and loss account	£	£
Turnover	16,597,924	6,228,574
Cost of sales	(13,686,333)	(5,026,067)
Gross profit	2,911,591	1,202,507
Administrative expenses	(2,170,972)	(1,071,868)
Operating profit	740,619	130,639
Finance income (net)	19,623	(71,821)
Profit on ordinary activities before taxation	760,242	58,818
Tax (charge)/credit on profit on ordinary activities	(216,449)	266,066
Profit for the financial year	543,793	324,884

10. STOCKS	2009	2008
	£	£
Work in progress	190	3,809
11. DEBTORS	2009	2008
	£	£
Trade debtors	7,223,967	3,032,138
Amounts recoverable on contracts	1,252,266	119,290
Amounts owed by group undertakings	627,987	217,396
Deferred tax asset	316,280	29,304
Other taxes and social security costs	21,236	-
Prepayments and accrued income	89,725	15,792
	9,531,461	3,413,920

A net deferred tax asset of £316,280 has been recognised at 31 March 2009 (2008: £29,304). This asset relates to negative accelerated capital allowances 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 credited to the profit and loss account in the year was £266,066 (2008: £10,161).

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2009	2008
	£	£
Bank overdraft	-	34,292
Trade creditors	8,001,637	2,959,983
Amounts owed to group undertakings	5,159,126	429,496
Corporation tax	93,778	114,400
Other taxes and social security costs	79,437	307,330
Other creditors	49,688	30,346
Accruals and deferred income	50,538	177,267
	<u>13,434,204</u>	<u>4,053,114</u>
	£	£
13. CALLED UP SHARE CAPITAL	2009	2008
	£	£
Authorised		
94,500 £1 'A' ordinary shares	94,500	94,500
55,500 £1 'B' ordinary shares	55,500	55,500
	<u>150,000</u>	<u>150,000</u>
	£	£
Allotted, called up and fully paid		
94,500 £1 'A' ordinary shares	94,500	94,500
55,500 £1 'B' ordinary shares	55,500	55,500
	<u>150,000</u>	<u>150,000</u>
	£	£
14. PROFIT AND LOSS ACCOUNT	£	
At 1 April 2008	975,089	
Profit for the financial year	574,272	
Dividends (note 6)	(277,566)	
Capital contribution	-	
At 31 March 2009	<u>1,271,795</u>	

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009	2008
	£	£
Profit for the financial year	574,272	566,499
Dividends (note 6)	(277,566)	(1,175,239)
Capital contribution	-	(11,369)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	296,706	(620,109)
Opening shareholders' funds	1,125,089	1,745,198
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,421,795</u>	<u>1,125,089</u>

16. FINANCIAL COMMITMENTS

Commitments on behalf of group undertakings

The company is party with other group undertakings to cross-guarantee of each other's bank overdrafts and loans. As at 31 March 2009, the overall commitment was £10 million (2008: £50 million).

Operating leases

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	2009	2008
	£	£
Land and buildings		
Expiry less than one year	9,628	-
Expiry date between two to five years	46,600	46,600
	<hr/>	<hr/>
	56,228	46,600
	<hr/>	<hr/>
Plant and machinery	£	£
Expiry date between two to five years	2,120	-
	<hr/>	<hr/>

Performance bonds

At 31 March 2009 the company had an outstanding performance bond of £128,415 as a result of the acquisition of MITIE Engineering Services (Leeds) Limited and £516,648 as a result of the acquisition of MITIE Engineering Services (Liverpool) Limited.

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
(formerly MITIE Engineering Services (North) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

17. DIRECTORS	2009	2008
	£	£
The emoluments of directors of the company were:		
Emoluments	245,200	264,636
	<u>245,200</u>	<u>264,636</u>
Fees and other emoluments disclosed above include amounts paid to:	£	£
Highest paid director	<u>85,400</u>	<u>88,328</u>
The accrued pension of the highest paid director at 31 March 2009 was £15,750 (2008: £10,500).		
	No.	No.
The number of directors who were members of a defined benefit pension scheme	<u>3</u>	<u>3</u>

S C Baxter 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 Engineering Services (Northern Region) Limited (formerly MITIE Engineering Services (North) Limited) and their services as directors of other group companies. S C Baxter and R McGregor-Smith are remunerated by MITIE Group PLC and G Allen is remunerated by MITIE Engineering Services Limited for their services to the group as a whole.

No other directors exercised options in the shares of the ultimate group company, MITIE Group PLC, during the year (2008: no directors).

18. EMPLOYEES

Number of employees

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

	2009	2008
	No.	No.
Administration and management	<u>36</u>	<u>35</u>
Employment costs	£	£
Wages and salaries	803,336	1,274,438
Social security costs	126,725	135,602
Pension costs	84,822	76,916
Share-based payments expense (see note 19)	-	(11,369)
	<u>1,014,883</u>	<u>1,475,587</u>

MITIE ENGINEERING SERVICES (NORTHERN REGION) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

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 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 in respect of awards prior to 26 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 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:

	2009		2008	
	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	-	-	142,691	138
Granted during the period	-	-	-	-
Forfeited during the period	-	-	(3,547)	138
Exercised during the period	-	-	(2,758)	120
Transferred during the period	-	-	(136,386)	139
Outstanding at end of the period	-	-	-	-
Exercisable at end of the period	-	-	-	-

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

	2009 £	2008 £
2001 Executive share options	-	1,088
2001 Savings related share options	-	(12,457)
	-	(11,369)

The weighted average share price at the date of exercise for share options exercised during the period was nil (2008: 251p).

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2009

19. SHARE-BASED PAYMENTS (continued)

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

	2009	2008
Share price (p)	133 to 230	133 to 230
Exercise price (p)	120 to 220	120 to 254
Expected volatility (%)	27 to 30	27 to 30
Expected life (years)	3 to 6	4 to 5
Risk-free rate (%)	4.25 to 5.25	4.17 to 5.25
Expected dividends (%)	1.43 to 3.05	1.43 to 2.29

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.

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 34 to the Report and Accounts of the group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension surplus of £ 3.0 million (2008: £9.9 million).

Contributions to the scheme for the period are shown in note 18 and the agreed contribution rate for the next 12 months is 17.5% (2008: 17.5%).

21. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of MITIE Group PLC, MITIE Engineering Services (Northern Region) Limited (formerly MITIE Engineering Services (North) Limited) has taken advantage of the exemption, under FRS 8, from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

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. MITIE Asset Management Limited (formerly MITIE Engineering Holdings Limited) is the smallest group and MITIE Group PLC the 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.