

Company registration number: 06434091

Utilyx Asset Management Limited

Annual Report and Financial Statements

For the year ended 31 March 2015

WEDNESDAY

COMPANIES HOUSE



L4ME349S

LD2

16/12/2015

#13

Contents

	Page
Officers and professional advisors	1
Strategic report	2
Directors' report	3
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

Officers and professional advisors

Directors

J I Clarke
P F Mosley

Company secretary

Mitie Company Secretarial Services Limited

Registered office

1 Harlequin Office Park
Fieldfare
Emersons Green
Bristol, BS16 7FN
England, United Kingdom

Auditor

Deloitte LLP,
Chartered Accountants and Statutory Auditor
London, United Kingdom

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

The Company is a 100% wholly owned subsidiary of Mitie Group PLC ("the Group"). In addition to the Company being a holding company for businesses within the Energy Solutions division of Mitie, it oversees and provides a central resource for areas such as Commercial, Financial and Health & Safety to enable an appropriate level of governance and policing across the subsidiaries in the division. The Company is focussed on energy-related and carbon-reduction projects and enters into contracts directly with end-users, utilising its subsidiaries, other Mitie companies and third parties to undertake design, construction, operation and maintenance of energy-generating and carbon-reduction plants.

The Group previously decided to exit the market the Company services. This is now substantially complete, and no new contracts have been entered into during the year. The Company made a loss after tax in the year of £59,014,000 (2014: loss of £15,095,000).

Key performance indicators

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.

Principal risks and uncertainties

The Company is part of the Mitie Group plc and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. The directors have reviewed the financial risk management objectives and policies of the Company in the light of the Group Risk Framework. The directors do not believe there to be any other significant risks.

Financial risk management

The Company does not enter into any hedging instruments, or 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.

Future developments

The directors expect the general level of activity to reduce in the forthcoming year. A restructuring program has continued from the previous financial year to re-position and re-brand the business going forward. As a result the business no longer enters into any new design and build contracts, but will continue to complete existing contracts. The Company will also support contracts delivered by other Group companies operating under the Utiylx branding.

Approved by the Board and signed on its behalf by:



J I Clarke
Director
30 November 2015

Directors' report

The directors present the annual report and audited financial statements of Utiyix Asset Management Limited ("the Company") for the year ended 31 March 2015.

Dividends

No dividend was declared or paid in the year (2014: nil).

Going Concern

The Company has net liabilities and is therefore reliant on the support of its immediate and ultimate parent companies in order to meet its liabilities as they fall due. The directors have considered the forecast results and associated cash flows for the foreseeable future, being the period not less than 12 months from the date of signing of these financial statements. The directors have considered the facilities available to the Company 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 of creditors

The Company manages its procurement and supply chain with increasing consideration of its impact on the Company's profitability, reputation and sustainability objectives and is committed to proactively developing mutually beneficial and sustainable trading relationships with all of our stakeholders, based on a foundation of trust and co-operation.

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 and sustainability reports which do not form part of this report.

Directors

The directors who served during the year, together with those subsequently appointed were:

	Date of appointment	Date of resignation
J I Clarke	02/11/2015	-
P F Mosley	02/11/2015	-
R Mc Gregor-Smith	-	30/10/2015
S C Baxter	-	02/11/2015
R M Stokes	-	08/05/2015
S Hawke	-	05/11/2015

Disclosure of information to the auditor

Each of the directors in office as of the date of approval of this report confirms that:

- so far as he/she is aware, there is no relevant audit information (being information required by the auditor in the preparation of their report) of which the Company's auditor is unaware; and
- he/she has each taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

This confirmation is given, and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Appointment of auditor

Deloitte LLP, Chartered Accountants and Statutory Auditor 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.

Directors' report (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and Financial Statements. The directors have elected to prepare financial statements in accordance with UK GAAP. The directors are required to prepare financial statements for each financial year which 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 which disclose with reasonable accuracy at any time the financial position of the Company, safeguarding the assets, taking reasonable steps for the prevention and detection of fraud and other irregularities, and the preparation of a Strategic report and Directors' report which complies with the relevant requirements of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



J I Clarke
Director
30 November 2015

Independent auditor's report to the members of Utilyx Asset Management Limited

We have audited the financial statements of Utilyx Asset Management Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account and the Balance Sheet and the related notes 1 to 18. 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 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Utilyx Asset Management Limited (continued)

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.



**Colin Hudson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
30 November 2015**

Profit and loss account
For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	1	221	3,445
Cost of sales		(155)	(761)
		<hr/>	<hr/>
Gross profit		66	2,684
Administration expense		(6,983)	(6,555)
		<hr/>	<hr/>
Operating loss	2	(6,917)	(3,871)
Exceptional administrative costs		(57,699)	(12,104)
		<hr/>	<hr/>
Loss on ordinary activities before interest and taxation		(64,616)	(15,975)
Interest payable and similar charges	5	(207)	(50)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(64,823)	(16,025)
Tax on loss on ordinary activities	6	5,809	930
		<hr/>	<hr/>
Loss for the financial year	12	(59,014)	(15,095)
		<hr/> <hr/>	<hr/> <hr/>

The results for the year are wholly attributable to the continuing operations of the Company.

There were no recognised gains or losses other than those stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses has been presented.

Balance sheet
As at 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	7	6,152	43,271
Tangible Fixed Assets	8	-	-
		<u>6,152</u>	<u>43,271</u>
Current assets			
Debtors	9		
- due within one year		3,313	10,012
- due after one year		-	2,005
		<u>3,313</u>	<u>12,017</u>
Creditors: amounts falling due within one year	10	(20,728)	(7,589)
Net current (liabilities)/assets		<u>(17,415)</u>	<u>4,428</u>
Total assets less current liabilities		<u>(11,263)</u>	<u>47,699</u>
Net (liabilities)/assets		<u>(11,263)</u>	<u>47,699</u>
Share capital and reserves			
Called-up share capital	11	12,400	12,400
Share premium account	12	57,274	57,274
Profit and loss account	12	(80,937)	(21,975)
Shareholders' (deficit)/funds	13	<u>(11,263)</u>	<u>47,699</u>

The financial statements were approved by the board of directors and authorised for issue on 30 November 2015

Signed on its behalf by:



J I Clarke

Director

30 November 2015

**Notes to the financial statements
For the year ended 31 March 2015**

1. Accounting policies

The financial statements of the Company have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

As more fully detailed in the Directors' report, the Company's financial statements have been prepared on a going concern basis.

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

Group financial statements

Consolidated group financial statements have not been prepared as the Company has taken advantage of the exemption from this requirement, conferred by FRS 2, on the grounds that its financial statements 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 and Republic of Ireland, from the Company's principal activity.

Turnover is recognised as services are delivered.

Pension costs

The Company participates in the Mitie Group plc Pension Schemes. One of which is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of FRS 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.

Notes to the financial statements (continued)
For the year ended 31 March 2015

1. 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 upon tax rates and legislation that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax 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.

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 appropriate valuation 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. Further details of the Group's share option schemes are contained in the Mitie Group plc annual report.

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 accumulated depreciation. Depreciation is charged so as to write off the cost of the asset over their estimated useful lives and is calculated on a straight-line basis as follows:

Plant and office equipment	3-4 years
----------------------------	-----------

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.

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.

Notes to the financial statements (continued)
For the year ended 31 March 2015

2. Operating loss

	2015 £'000	2014 £'000
Operating loss is stated after charging		
Depreciation of tangible fixed assets:		
owned	-	53
Impairment of intangible assets	-	386
Impairment of tangible fixed assets:		
owned	-	3,260
Amortisation of intangible assets	-	63
Impairment losses on investment	37,119	12,104
Exceptional costs	20,580	-
Fees payable to the Company's auditor for the audit of the Company's financial statements	29	49
	<u> </u>	<u> </u>

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. Employees

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

	2015 No.	2014 No.
Administration	4	4
	<u> </u>	<u> </u>
	4	4
	<u> </u>	<u> </u>

Employment cost

	£'000	£'000
Wages and salaries	648	698
Social security costs	153	141
Termination and redundancy costs	407	95
Other pension costs	29	50
Share-based payments	52	292
	<u> </u>	<u> </u>
	1,289	1,276
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
For the year ended 31 March 2015

4. Directors

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 the Company and as directors or employees of other group companies.

Director	Remunerated by
J I Clarke	Mitie Technical Facilities Management Limited
P F Mosley	Mitie Technical Facilities Management Limited

5. Interest

	2015 £'000	2014 £'000
<i>Interest payable and similar charges</i>		
Bank interest	207	50
	<u>207</u>	<u>50</u>

Notes to the financial statements (continued)
For the year ended 31 March 2015

6. Tax on loss on ordinary activities

	2015 £'000	2014 £'000
(a) Analysis of credit in the year		
United Kingdom corporation tax 21% (2014: 23%)	(5,607)	(840)
Adjustment in respect of prior years	(95)	(10)
Total current tax (Note 6(b))	(5,702)	(850)
Deferred taxation:		
Timing differences - origination and reversal	(189)	(87)
Adjustment in respect of prior years	82	7
Tax credit on loss on ordinary activities	(5,809)	(930)

(b) Factors affecting tax credit in the year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are as follows:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(64,823)	(16,025)
Tax at 21% (2014: 23%) thereon:	(13,613)	(3,686)
Expenses not deductible for tax purposes	7,796	2,785
Differences between capital allowances and depreciation	(3)	94
Relief in respect of employee share options	(31)	(100)
Other timing differences	244	67
Adjustments to tax charge in respect of prior years	(95)	(10)
Current tax credit for the year (Note 6(a))	(5,702)	(850)

Notes to the financial statements (continued)
For the year ended 31 March 2015

6. Tax credit on loss on ordinary activities (continued)

	2015 £'000	2014 £'000
<i>The deferred tax balance comprises the following:</i>		
Depreciation in excess of capital allowances	9	85
Share-based payment timing difference	9	11
Other timing differences	224	16
	<u>242</u>	<u>112</u>
Total deferred tax asset (note 8)	<u>242</u>	<u>112</u>
 Amount credited to the profit and loss account in the year in relation to deferred tax	 <u>(106)</u>	 <u>(80)</u>

From 1 April 2015, the main rate of corporation tax reduced to 20%. This has been used to calculate the deferred tax balance as it was substantively enacted at the balance sheet date. In the budget of 8 July 2015, the government announced further reductions in the main rate of corporation tax to 19% in 2017 and 18% in 2020. These changes have not been substantively enacted.

Notes to the financial statements (continued)
For the year ended 31 March 2015

7. Investments

	2014 £'000	2014 £'000
At start of year	43,271	55,375
Impairment losses	(37,119)	(12,104)
At end of year	<u>6,152</u>	<u>43,271</u>

The investments balance at 31 March 2015 represented interests in the following companies:

Name of undertaking	Principal Activity	Class of shares held	% of shares held	% of voting rights held	Country of incorporation
Mitie Infrastructure Limited	Energy Centre	Ordinary	100%	100%	England
Mitie Built Environment Limited	M&E Services	Ordinary	100%	100%	England
Utilyx Asset Management Projects Limited	Energy Centre	Ordinary	100%	100%	England
Mitie Engineering Services Bristol Limited	M & E Services	Ordinary	100%	100%	England
Mitie Engineering Services Wales Limited	M & E Services	Ordinary	100%	100%	England
Mitie Engineering Services South West Limited	M & E Services	Ordinary	100%	100%	England
Mitie Engineering Services Scotland Limited	M & E Services	Ordinary	100%	100%	England
Mitie Engineering Services Northern Region Limited	M & E Services	Ordinary	100%	100%	England
Mitie Engineering Services London Limited	M & E Services	Ordinary	100%	100%	England
Mitie Engineering Services Retail Limited	M & E Services	Ordinary	100%	100%	England
Mitie Engineering Services South West Region Limited	M & E Services	Ordinary	100%	100%	England
Mitie Energy Limited	Energy Centre	Ordinary	100%	100%	England
Mitie Engineering Services Limited	M & E Services	Ordinary	100%	100%	England

Notes to the financial statements (continued)
For the year ended 31 March 2015

Mitie Engineering Services Leeds Limited	M & E Services	Ordinary	55%	55%	England
Mitie Engineering Services Midlands Limited	M & E Services	Ordinary	57%	57%	England
Mitie Engineering Services Swansea Limited	M & E Services	Ordinary	100%	100%	England
Mitie Engineering Services Liverpool Limited	M & E Services	Ordinary	98%	98%	England
Mitie Engineering Projects Limited	Social Housing	Ordinary	63%	63%	England
Mitie Engineering Services Edinburgh Limited	M & E Services	Ordinary	54%	54%	England
Mitie Air Conditioning Scotland	M & E Services	Ordinary	80%	80%	England
Mitie Engineering Services Jersey Limited	M & E Services	Ordinary	100%	100%	Jersey
Mitie Engineering Services Guernsey Limited	M & E Services	Ordinary	50%	50%	Guernsey
Mitie Engineering Limited	M & E Services	Ordinary	51%	51%	England

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

8. Tangible Fixed Assets

**Assets
under
construction**

£'000

Cost or valuation

At start of year 3,260

Notes to the financial statements (continued)
For the year ended 31 March 2015

At end of year	3,260
----------------	-------

Depreciation

At start of year	3,260
------------------	-------

At end of the year	3,260
--------------------	-------

Net book value

At 31 March 2015	-
------------------	---

At 31 March 2014	-
------------------	---

9. Debtors

	2014 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	-	631
Amounts recoverable on contracts	-	48
Amounts owed by Group undertakings	1,328	8,243
VAT	-	83
Other debtors	-	-
Prepayments and accrued income	-	45
Corporation tax	1,743	850
Deferred tax asset	242	112
	<u>3,313</u>	<u>10,012</u>
Amounts falling due after more than one year:		
Trade debtors	-	1,005
Amounts recoverable on contracts	-	1,000
	<u>-</u>	<u>2,005</u>

Notes to the financial statements (continued)
For the year ended 31 March 2015

10. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Bank loans and overdrafts	19,307	3,037
Trade creditors	120	1,054
Amounts owed to Group undertakings	973	2,117
Corporation tax	-	1,174
Other taxation and social security	47	43
Other creditors	-	29
Accruals and deferred income	281	129
Defined contribution pension scheme accrual	-	6
	<u>20,728</u>	<u>7,589</u>

11. Called-up share capital

	2015	2014
	£'000	£'000
Allotted and called-up share capital		
12,399,841 Ordinary shares of £1 each	12,400	12,400
	<u>12,400</u>	<u>12,400</u>

12. Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 April 2014	57,274	(21,975)
Loss for the financial year	-	(59,014)
Capital contribution relating to share-based payments	-	52
	<u>57,274</u>	<u>(80,937)</u>
At 31 March 2015	57,274	(80,937)

Notes to the financial statements (continued)
For the year ended 31 March 2015

13. Reconciliation of movement in shareholders' (deficit)/funds

	2015 £'000	2014 £'000
Loss for the financial year	(59,014)	(15,095)
Capital contribution relating to share-based payments	52	292
Net reduction to shareholders' funds	(58,962)	(14,803)
Opening shareholders' funds	47,699	62,502
Closing shareholders' (deficit)/funds	(11,263)	47,699

14. Financial commitments

Commitments on behalf of group undertakings

The Company is party with other group undertakings to cross-guarantees of each other's bank overdrafts and loans.

	2015 £'000	2014 £'000
Overall commitment	-	262,805

15. Share-based payments

The Company participates in the following Mitie Group plc share option schemes:

The Mitie Group plc 2011 Executive share option scheme

The Executive Share Option Scheme exercise price is equal to the average market value of the shares on the business day preceding grant or, if the Remuneration Committee decided, the average market value of share over a number of preceding business days (not to exceed 20). 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 SAYE 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 2011 SAYE 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 determined using either: the share price preceding the date on which invitations to participate in the scheme are issued; or an average share price over five days preceding the invitation date. 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.

Notes to the financial statements (continued)
For the year ended 31 March 2015

15. Share-based payments (continued)

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

	2015		2014	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at beginning of the year	341,871	172	1,147,175	110
Granted	28,062	210	257,051	168
Forfeited	(103,064)	87	(424,192)	49
Transferred to group companies	(31,413)	-	(208,095)	18
Exercised	(69,271)	240	(430,068)	180
	<u>166,185</u>	<u>190</u>	<u>341,871</u>	<u>172</u>
Outstanding at end of the year	166,185	190	341,871	172
	<u>11,707</u>	<u>-</u>	<u>82,827</u>	<u>103</u>
Exercisable at end of year	11,707	-	82,827	103

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

	2015 £'000	2014 £'000
Discretionary share plans	48	127
Non-discretionary share plans	4	1
LTIP	-	164
	<u>52</u>	<u>292</u>

	2015	2014
The weighted average share price at the date of exercise for share options exercised during the year was : (p)	309	293
The options outstanding at the year-end had a weighted average price of: (p)	190	172
The options outstanding at the year-end had a weighted average remaining contractual life of: (years)	<u>5</u>	<u>5</u>

The Company granted options under the following schemes in the year:

	2015 £'000	2014 £'000
Fair value		
Long term incentive plans	-	191
Non-discretionary share plans	4	14
Discretionary share plans	<u>13</u>	<u>60</u>

Notes to the financial statements (continued)
For the year ended 31 March 2015

15. Share-based payments (continued)

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

	2015	2014
Black-Scholes		
Share price (p)	219 - 313	219 - 274
Exercise price (p)	0 - 319	0 - 254
Expected volatility (%)	30 - 32	30 - 32
Expected life (years)	3 - 5	3 - 5
Risk-free rate (%)	0.55 - 1.48	0.55 - 1.48
Expected dividends (%)	3.5 - 4.1	3.5 - 4.1
Monte-Carlo		
Share price (p)	251 - 319	251
Average correlation with TSR benchmark (%)	29 - 32	32
Expected volatility (%)	21 - 24	24
Expected life (years)	3	3
Risk-free rate (%)	0.64 - 1.29	0.64
Expected dividends (%)	3.5 - 4.1	4.1

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.

16. 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 36 to the Annual Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £34.9 million (2014: deficit of £17.0 million).

Employer contributions to the scheme for the period are shown in note 3. The agreed contribution rate for employee and employer contributions for the next 12 months is 22.3% (2014: 18.5%).

17. 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	
		2015	2014	2015	2014
		£'000	£'000	£'000	£'000
O-Gen Plymtrek Limited	Sales	-	4,677	-	5,565

Notes to the financial statements (continued)
For the year ended 31 March 2015

18. Ultimate parent undertaking and controlling party

Mitie Treasury Services Limited is the immediate controlling party and the directors regard Mitie Group plc, a company registered in Scotland, as the ultimate parent company and controlling party.

Mitie Group plc is the largest and smallest group for which group financial statements are prepared. Copies of the Group financial statements can be obtained from the Company Secretary at the registered office.