

Company Registration Number 5909105

MITIE SECURITY HOLDINGS LIMITED

Report and Financial Statements

Year ended 31 March 2011



**MITIE SECURITY HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2011**

**CONTENTS**

|                                    | Page |
|------------------------------------|------|
| Officers and professional advisers | 3    |
| Directors' report                  | 4    |
| Independent auditor's report       | 6    |
| Profit and loss account            | 8    |
| Balance sheet                      | 9    |
| Notes to the financial statements  | 10   |

**MITIE SECURITY HOLDINGS LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

S C Baxter  
N R Goodman  
R McGregor-Smith  
J P Flanagan  
J S Tomlin  
S J Burn  
R D Forsyth  
L R Ward

**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

**AUDITOR**

Deloitte LLP  
Bristol

## MITIE SECURITY HOLDINGS LIMITED

### DIRECTORS' REPORT

#### DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

#### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company is a majority owned subsidiary of MITIE Group PLC (the 'Group') and is the holding company for all the security-based companies within the Group. The directors are not aware that this will change in the future.

This business is an active non-trading company.

The Group manages its operations on a divisional basis. For this reason, the company's directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the business. The performance of the Group's divisions is discussed in the Group's annual report which does not form part of this report.

#### DIVIDENDS

Dividends were declared as follows:

'A' Ordinary Shares £0.48 per share (2010: £0.38)

'B' Ordinary Shares £0.08 per share (2010: £0)

'C' Ordinary Shares £0.08 per share (2010: £0)

#### PRINCIPAL RISKS AND UNCERTAINTIES

Loss of key customers by subsidiary companies is a key risk to the business. The company's subsidiaries manage this risk by developing and maintaining strong relationships with these customers. Groups risks are discussed in the Group's annual report which does not form part of this report.

## Directors Report continued .

### FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the company. The directors do not believe there to be significant risks in this area. The company does not enter into any hedging instruments, as there are not believed to be any material exposures. It does not enter into any financial instruments for speculative purposes.

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

### GOING CONCERN

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

### 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.

### DIRECTORS

The directors during the year and subsequently were as follows:

S C Baxter  
N R Goodman  
R McGregor-Smith  
J P Flanagan  
J S Tomlin  
S J Burn  
R D Forsyth  
L R Ward  
E I Dobbie (Resigned 04 August 2010)

### AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP 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 auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by



S C Baxter  
Director

11 July 2011

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

We have audited the financial statements of MITIE Security Holdings Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year ended then,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting
- have been prepared in accordance with the requirements of the Companies Act 2006

**Audit Report continued**

**Opinion on other matters prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records 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 Auditor  
Bristol, United Kingdom

*11 July 2011.*

**MITIE SECURITY HOLDINGS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2011

|   | Note | 2011<br>£'000       | 2010<br>£'000       |
|---|------|---------------------|---------------------|
| Income from shares in group undertakings                          |      | <u>5,589</u>        | <u>4,227</u>        |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b> |      | <b>5,589</b>        | <b>4,227</b>        |
| Interest payable and similar charges                              | 2    | <u>(1)</u>          | <u>-</u>            |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>              |      | <b>5,588</b>        | <b>4,227</b>        |
| Tax charge on profit on ordinary activities                       | 4    | -                   | -                   |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                              | 8    | <b><u>5,588</u></b> | <b><u>4,227</u></b> |

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 HOLDINGS LIMITED**  
**BALANCE SHEET**  
As at 31 March 2011

|  | Note | 2011          |                | 2010          |                |
|--|------|---------------|----------------|---------------|----------------|
|  |      | £'000         | £'000          | £'000         | £'000          |
| <b>FIXED ASSETS</b>                                  |      |               |                |               |                |
| Investments  | 5    |               | <u>102,600</u> |               | <u>102,600</u> |
|  |      |               | 102,600        |               | 102,600        |
| <b>CURRENT ASSETS</b>                                |      |               |                |               |                |
| Debtors  |      |               |                |               |                |
| - due within one year                                | 6    | <u>15,058</u> |                | <u>15,058</u> |                |
|  |      | 15,058        |                | 15,058        |                |
| <b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b> |      |               |                |               |                |
|  | 7    |               | <u>(5)</u>     |               | <u>(4)</u>     |
| <b>NET CURRENT ASSETS</b>                            |      |               | <u>15,053</u>  |               | <u>15,054</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>         |      |               | 117,653        |               | 117,654        |
| <b>NET ASSETS</b>                                    |      |               | <u>117,653</u> |               | <u>117,654</u> |
| <b>SHARE CAPITAL AND RESERVES</b>                    |      |               |                |               |                |
| Called up share capital                              | 8    |               | 11,152         |               | 11,152         |
| Share premium account                                | 9    |               | 106,498        |               | 106,498        |
| Profit and loss account                              | 9    |               | 3              |               | 4              |
| <b>SHAREHOLDERS' FUNDS</b>                           | 10   |               | <u>117,653</u> |               | <u>117,654</u> |

The financial statements of MITIE Security Holdings Limited, company registered number 5909105, were approved by the board and authorised for issue on 11 July 2011

S C Baxter  
Director



## **MITIE SECURITY HOLDINGS LIMITED**

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

Year ended 31 March 2011

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

##### **Accounting convention**

The accounts are prepared under the historical cost convention.

##### **Going concern**

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

##### **Investments**

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

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Group accounts**

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

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

The company has taken the exemption from the requirement to prepare a 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.

##### **Operating income**

Operating income represents management charges receivable from other group companies. Operating income from the supply of management services represents the value of services provided to the extent that there is a right to consideration and is recorded at the value of the consideration due.

**MITIE SECURITY HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

**2. INTEREST**

|                                      | 2011<br>£'000 | 2010<br>£'000 |
|--------------------------------------|---------------|---------------|
| Interest payable and similar charges |               |               |
| Bank interest                        | <u>1</u>      | <u>-</u>      |
|                                      | <u>1</u>      | <u>-</u>      |

**3 DIVIDENDS**

The dividends approved and paid in the year are as follows

|                     | 2011<br>£'000 | 2010<br>£'000 |
|---------------------|---------------|---------------|
| 'A' Ordinary Shares | 5,345         | 4,277         |
| 'B' Ordinary Shares | 84            | -             |
| 'C' Ordinary Shares | <u>160</u>    | <u>-</u>      |

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| (a) Analysis of charge in the year               |               |               |
| United Kingdom corporation tax at 28% (2010 28%) | <u>-</u>      | <u>-</u>      |
| Total current tax (note 4(b))                    | -             | -             |

(b) Factors affecting tax charge in the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are as follows

|  | £'000          | £'000          |
|--|----------------|----------------|
| Profit on ordinary activities before tax             | <u>5,588</u>   | <u>4,227</u>   |
|  | £'000          | £'000          |
| Tax at 28% (2010 28%) thereon                        | 1,565          | 1,184          |
| Non-taxable income from shares in group undertakings | <u>(1,565)</u> | <u>(1,184)</u> |
| <b>Current tax charge for the year (note 4(a))</b>   | <u>-</u>       | <u>-</u>       |

The forthcoming changes in the corporation tax rate from 28% to 23% in future years will not materially affect the future tax charge

**MITIE SECURITY HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

**5. INVESTMENTS**

|                              |  | 2011<br>£'000  | 2010<br>£'000  |
|------------------------------|--|----------------|----------------|
| Investments at 1 April 2010  |  | 102,600        | 102,600        |
| Investments at 31 March 2011 |  | <u>102,600</u> | <u>102,600</u> |

The investments balance at 31 March 2011 represented interests in the following companies

| Name of subsidiary                  | Principal activity | Class of shares held | Percentage of shares and voting rights held | Country of incorporation |
|-------------------------------------|--------------------|----------------------|---|--------------------------|
| MITIE Aviation Security Limited     | Security services  | Ordinary             | 99.999%                                     | England & Wales          |
| MITIE Security (London) Limited     | Security services  | Ordinary             | 100%  | England & Wales          |
| MITIE Security (North) Limited      | Dormant            | Ordinary             | 100%  | England & Wales          |
| MITIE Security (Scotland) Limited   | Dormant            | Ordinary             | 100%  | England & Wales          |
| MITIE Security (South West) Limited | Dormant            | Ordinary             | 100%  | England & Wales          |
| MITIE Security (Southern) Limited   | Dormant            | Ordinary             | 100%  | England & Wales          |
| MITIE Security (2006) Limited       | Dormant            | Ordinary             | 100%  | England & Wales          |
| MITIE Security Limited              | Security services  | Ordinary             | 100%  | England & Wales          |
| MITIE Security Services Limited     | Dormant            | Ordinary             | 50%   | England & Wales          |
| MITIE Security Systems Limited      | Security services  | Ordinary             | 100%  | England & Wales          |
| MITIE Trident Security Limited      | Dormant            | Ordinary             | 100%  | England & Wales          |
| The Watch Security Limited          | Dormant            | Ordinary             | 100%  | England & Wales          |
| Trident Safeguards Limited          | Dormant            | Ordinary             | 100%  | England & Wales          |

**6 DEBTORS**

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| <b>Amounts falling due within one year</b> |               |               |
| Amounts owed by Group undertakings         | 15,057        | 15,057        |
| Other debtors                              | -             | 1             |
| Corporation tax                            | 1             | -             |
|  | <u>15,058</u> | <u>15,058</u> |

**MITIE SECURITY HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2011

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                           | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------|---------------|---------------|
| Bank loans and overdrafts | 5             | 4             |
|                           | <u>5</u>      | <u>4</u>      |

**8. CALLED UP SHARE CAPITAL**

|   | 2011<br>£'000 | 2010<br>£'000 |
|---|---------------|---------------|
| <b>Allotted, called up and fully paid share capital</b> |               |               |
| 11,121,496 £1 'A' Ordinary Shares                       | 11,121        | 11,121        |
| 1,050,000 £0 01 'B' Ordinary Shares                     | 11            | 11            |
| 2,000,000 £0 01 'C' Ordinary Shares                     | 20            | 20            |
|   | <u>11,152</u> | <u>11,152</u> |

**9. RESERVES**

|                               | Share<br>premium<br>account<br>£'000 | Profit<br>and loss<br>account<br>£'000 |
|-------------------------------|--------------------------------------|--|
| At 1 April 2010               | 106,498                              | 4                                      |
| Profit for the financial year | -                                    | 5,588                                  |
| Dividends                     | -                                    | (5,589)                                |
| <b>At 31 March 2011</b>       | <u>106,498</u>                       | <u>3</u>                               |

**10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|   | 2011<br>£'000  | 2010<br>£'000  |
|---|----------------|----------------|
| Profit for the financial year               | 5,588          | 4,227          |
| Dividends paid on equity shares             | (5,589)        | (4,227)        |
| <b>Net reduction in shareholders' funds</b> | <u>(1)</u>     | <u>-</u>       |
| Opening shareholders' funds                 | 117,654        | 117,654        |
| <b>Closing shareholders' funds</b>          | <u>117,653</u> | <u>117,654</u> |

**11. FINANCIAL COMMITMENTS**

**Commitments on behalf of group undertakings**

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

|                    | 2011<br>£'000  | 2010<br>£'000  |
|--------------------|----------------|----------------|
| Overall commitment | <u>195,300</u> | <u>109,000</u> |

## **MITIE SECURITY HOLDINGS LIMITED**

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

Year ended 31 March 2011

#### **12. DIRECTORS**

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

|                  |                        |
|------------------|------------------------|
| S C Baxter       | MITIE Group PLC        |
| N R Goodman      | MITIE Group PLC        |
| R McGregor-Smith | MITIE Group PLC        |
| J P Flanagan     | MITIE Group PLC        |
| J S Tomlin       | MITIE Security Limited |
| S J Burn         | MITIE Security Limited |

#### **13. RELATED PARTY TRANSACTIONS**

The company has taken the exemption available under FRS8 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.

#### **14 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

MITIE Facilities 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 accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.