

Company Registration Number 00906936

**MITIE TECHNICAL FACILITIES
MANAGEMENT LIMITED**

Report and Financial Statements

Year ended 31 March 2011

SATURDAY



ARB0YW28

A15

23/07/2011

68

COMPANIES HOUSE

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS	Page
Officers and professional advisers	2
Directors' report	3
Independent auditor's report	7
Income statement	8
Statement of comprehensive income	9
Statement of changes in equity	10
Statement of financial position	11
Cash flow statement	12
Notes to the financial statements	13

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Holt
I Howarth
P F Mosley

SECRETARY

MITIE Company Secretarial Services Limited

REGISTERED OFFICE

8 Monarch Court
The Brooms
Emmersons Green
Bristol
BS16 7FH

BANKERS

Barclays Bank Plc
1 Churchill Lane
Canary Wharf
London
E14 5HP

National Westminster Bank Plc
130 Commercial Road
Portsmouth
Hampshire
PO1 1ES

AUDITOR

Deloitte LLP
London

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 March 2011

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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

- Properly select and apply accounting policies,
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- Make an assessment of the company's ability to continue as a going concern

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 subsidiary of MITIE Group PLC (the Group)

The Technical Facilities Management (TFM) business focuses on 'hard services' facilities management that is led by technology, engineering and the need to reduce energy consumption. Services include integrated FM, mechanical and electrical engineering maintenance, mobile multi-site FM, specialist technical services, CarbonCare energy services, lighting design and maintenance, building management systems and controls, and compliance.

Energy reduction is a key growth driver and an area where the Company's CarbonCare offering has successfully helped differentiate TFM in the marketplace. It delivers a total energy solution that increases awareness of environmental issues, introduces innovative ideas and technologies, manages energy and carbon footprint data, ensures legislative carbon compliance and delivers guaranteed energy reductions. The Company also provides decentralised and cleaner renewable energy solutions, working in conjunction with the Company's delivery partners within the MITIE Group.

The Company has recently launched National Mobile Services, which delivers fast and responsive mobile technical FM services (MobileTech) across the UK, most especially to organisations with widely spread property portfolios. Multi-skilled technicians provide services to clients within a local geographic area, helping to build strong local relationships. It is anticipated that MobileTech will be attractive to retail clients, where we are experiencing an increasing number of contracts which requires the business to act as a 'managing agent' and take responsibility for their entire technical FM budgets.

The Company has also been focussed on ensuring that the unique environments of our clients are understood in order that the respective risks are managed through effective risk management programmes. This enables an early identification of potential points of failure in advance and makes sure that appropriately trained and qualified engineers are available who can deliver an immediate response to any issues that arise.

We focus on people and training at every level. A recent employee engagement survey achieved a 62% (class leading) response rate, and concluded that our people have an above average level of engagement.

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

DIRECTORS' REPORT CONTINUED

Year ended 31 March 2011

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

A dividend of nil (2010 £1.12) per ordinary share was approved and paid during the year.

GOING CONCERN

The company is profitable and holds cash and cash equivalents of £34.8m. This, along with forecasts which show continued profitability, mean that the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March 2011 trade creditors, as a proportion of amounts invoiced from suppliers for the financial year, represented 53 days (2010 43 days).

ENVIRONMENT

MITIE Group PLC and its subsidiaries endeavour to identify, monitor and manage the impact of their activities on the environment and are fully committed to environmental accountability and protection. The company operates in accordance with Group policies, which are described in the Group's annual report which does not form part of this report.

EMPLOYEES

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their aptitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company recognises the importance of good communications and employee relationships. In each company there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purpose of the business and the commercial realities of success. Employees are encouraged to become shareholders through the Savings Related Share Option Scheme.

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

DIRECTORS' REPORT CONTINUED

Year ended 31 March 2011

PRINCIPAL RISKS AND UNCERTAINTIES

We have an established risk management and corporate governance framework for identifying, evaluating and managing significant risks faced by MITIE. We recognise that risks and uncertainties offer the potential for both upside and downside changes within our business. We employ internal and external specialists to manage our risk profile and regularly review our system of internal control to ensure that risks are appropriately identified and addressed.

Our principal risks and uncertainties are as detailed on pages 44 and 45 in MITIE's 2011 Annual Report, a copy of which is available on our website at www.mitie.com. We have summarised the risks below.

New business

As our business develops, we will increasingly tender for larger and more complex contracts creating new or larger-scale risks as well as the opportunity for enhanced returns.

Acquisitions

We continue to seek acquisitions that fit with or complement our existing business and acknowledge the risks surrounding appropriate pricing and integration of any new business.

Health, safety and environment

The range of activities that we undertake comes with it a broad spectrum of health, safety and environmental risks with the potential to impact a number of stakeholder groups including our employees, the public and our clients.

Employee skills shortages

MITIE is a people business and our success relies on our ability to recruit and retain the best talent throughout the organisation.

Liquidity

Maintaining sufficient liquidity is essential for ensuring that we can meet our strategic targets and manage our day-to-day commitments.

Pensions

We manage our exposure to pension scheme liabilities through the use of specialist in-house and external advisers and through established procedures to ensure compliance with current regulations.

Market conditions negatively impacting on company performance

Risks include client credit risk, price competition, changes in government policy and spending, and inflation and interest rate uncertainty. We mitigate these risks through measures such as credit insurance, on-going dialogue with the financial community and putting limits in place to manage our exposure to individual customers and sub-contractors.

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. 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.

Directors Report continued

DIRECTORS

The directors during the year and subsequently were as follows

M Holt
I Howarth
P F Mosley
C R Payne (resigned 13 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

have been put in place for them to be deemed reappointed as the auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by

M Holt
Director



8 July 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

We have audited the financial statements of MITIE Technical Facilities Management Limited for the year ended 31 March 2011 which comprise Statement of Financial Position, Income Statement, Statement of Changes in Equity, Cash Flow Statement, Statement of Comprehensive Income and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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. 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 then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Ian Krieger (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

15 July 2011

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED
INCOME STATEMENT
Year ended 31 March 2011

	Note	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
REVENUE	2	483,619	288,672
Cost of sales		<u>(434,252)</u>	<u>(264,063)</u>
GROSS PROFIT		49,367	24,609
Administration expenses		<u>(35,233)</u>	<u>(37,172)</u>
OPERATING PROFIT/(LOSS)	3	14,134	(12,563)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>14,134</u>	<u>(12,563)</u>
Investment revenues	4	144	30
Finance costs	5	<u>(464)</u>	<u>(360)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		13,814	(12,893)
Tax (charge)/credit on profit/(loss) on ordinary activities	6	(4,138)	3,482
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	19	<u>9,676</u>	<u>(9,411)</u>

The results for the period are wholly attributable to the continuing operations of the company

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	Year ended	15 month
	31 March	period ended
	2011	31 March
Note	£'000	£'000
Profit/(loss) for the financial period	9,676	(9,411)
Gains on foreign currency contracts taken to equity	26	68
Tax on items taken directly to equity	(7)	(19)
Total comprehensive income/(expenditure) for the financial period	<u>9,695</u>	<u>(9,362)</u>

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY

	Year ended 31 March 2011	15-month period ended 31 March 2010
Year ended 31 March 2011	£'000	£'000
Balance at start of period	5,764	18,880
Profit/(loss) for the financial period	9,676	(9,411)
Net income recognised directly in equity	19	49
Total comprehensive income/(expense) for the period	<u>9,695</u>	<u>(9,362)</u>
Dividends	-	(3,754)
Hedging gain realised	(40)	-
Credit to equity for equity-settled share based payments	235	-
Balance at end of period	<u>15,654</u>	<u>5,764</u>

Equity comprises share capital, hedging reserve and retained earnings

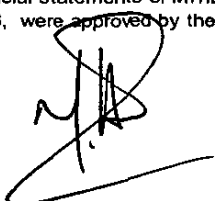
MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED
STATEMENT OF FINANCIAL POSITION
Year ended 31 March 2011

	Note	2011		2010	
		£'000	£'000	£'000	£'000
NON-CURRENT ASSETS					
Goodwill	8		2,869		2,869
Property, plant and equipment	9		7,820		6,522
Investments	10		23		23
Deferred tax asset	11		1,307		4,059
TOTAL NON-CURRENT ASSETS			<u>12,019</u>		<u>13,473</u>
CURRENT ASSETS					
Inventories	12	3,319		7,414	
Trade and other receivables					
- due within one year		141,067		105,588	
Current tax asset		2,942		202	
Derivative financial instruments	29	12		-	
Cash and cash equivalents		34,753		27,968	
TOTAL CURRENT ASSETS			<u>182,093</u>		<u>141,172</u>
TOTAL ASSETS			<u>194,112</u>		<u>154,645</u>
EQUITY					
Called up share capital	18	6,700		6,700	
Hedging reserve		9		49	
Retained earnings		8,945		(985)	
TOTAL EQUITY			<u>15,654</u>		<u>5,764</u>
CURRENT LIABILITIES					
Trade and other payables		166,241		147,412	
Obligations under finance leases	15	10		-	
Borrowings	16	11,702		-	
Provisions	17	487		1,438	
TOTAL CURRENT LIABILITIES			<u>178,440</u>		<u>148,850</u>
NON-CURRENT LIABILITIES					
Obligations under finance leases	15	18		31	
TOTAL NON-CURRENT ASSETS			<u>18</u>		<u>31</u>
TOTAL EQUITY AND LIABILITIES			<u>194,112</u>		<u>154,645</u>

The financial statements of MITIE Technical Facilities Management Limited, company registered number 00906936, were approved by the board and authorised for issue on

8 July 2011

M Holt
Director



MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED
CASH FLOW STATEMENT
Year ended 31 March 2011

	Note	Year ended		15 month period ended	
		31 March 2011		31 March 2010	
		£'000	£'000	£'000	£'000
Net cash inflows from operating activities			6,874		27,613
Investing activities					
Interest received		124		-	
Proceeds on disposal of property, plant and equipment		416		92	
Purchases of property, plant and equipment		(4,375)		(4,973)	
Net cash used in investing activities			(3,835)		(4,881)
Financing activities					
Dividends paid		-		(3,754)	
Repayments of obligations under finance leases		(3)		-	
Cash acquired on the acquisition of a business		3,737		8,869	
Net cash from financing activities			3,734		5,115
Net increase in cash and cash equivalents			6,773		27,847
Cash and cash equivalents at beginning of year			27,968		121
Effect of foreign exchange differences			12		-
Cash and cash equivalents at end of year			34,753		27,968

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

1 ACCOUNTING POLICIES

MITIE Technical Facilities Management Limited is a company incorporated in the United Kingdom. The address of the registered office of the company is given on page 1. These financial statements are separate financial statements.

The company is exempt from the preparation of consolidated financial statements, since it is included in the group accounts of MITIE Group PLC. The group accounts of MITIE Group PLC are available for public use and can be obtained from the registered office.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the financial statements comply with Article 4 of the EU IAS Regulation. The financial statements have been 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.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described as follows.

Services

Revenues are recognised by reference to the stage of completion of the company's contracts. In most cases, given that the services provided reflect an indeterminate number of acts over the contract term, revenue is recognised on a straight-line basis. Where specific works on contracts represent a significant element of a whole, revenue is deferred until those works have been completed. An element of the services provided relates to the provision of energy where revenue is recognised at the point of usage by the customer.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the company's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of an operation, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Accounting Policies continued

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided 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 10 to 33 years

Equipment fixtures and fittings 20 to 33 years

Leasehold improvements 5 to over the term of the lease years

Motor vehicles 4 years

Operating leases

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

Finance leases

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

Investments

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

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value.

Hedge accounting

The company uses derivative financial instruments such as interest rate swaps to hedge and manage risks associated with interest. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the transaction, the company assesses the risk of the transaction in accordance with its risk management strategy and documents the relationship between the hedge instrument and the transaction. The company documents whether the hedge instrument is highly effective, both at inception and on an ongoing basis, at offsetting the movement in fair values or cash flows of the hedged transaction.

Cash flow hedges

The effective portion of the gain or loss on the hedging item is deferred in equity. The ineffective portion is recognised immediately in the income statement.

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

ACCOUNTING POLICIES CONTINUED

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the company operates (its functional currency), which is pounds sterling

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences are recognised in profit or loss in the period in which they arise except for

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings,
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting), and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

ACCOUNTING POLICIES CONTINUED

Derivative financial instruments

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. The company derecognises financial assets and liabilities only when the contractual rights and obligations are discharged or expire.

Assets that are assessed not to be individually impaired are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the company's past experiences of collecting payments, the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowances account are recognised in the income statement.

The company uses derivative financial instruments such as forward foreign exchange contracts to manage risks associated with exchange rate fluctuations. Such derivative financial instruments are stated at fair value through profit and loss.

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of change in value.

Interest-bearing bank loans and overdrafts are stated at the amount of net proceeds after deduction of issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

All financial instruments are held at amortised cost with the exception of derivative financial instruments which are classified as fair value through profit and loss.

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

ACCOUNTING POLICIES CONTINUED

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

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 income statement is the contribution payable in the year.

Share-based payment

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.

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

ACCOUNTING POLICIES CONTINUED

Financial risk management

Exposure to credit and currency risk arise in the normal course of the company's business

Credit risk

Management has a credit risk policy in place. The company's exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers requiring credit over a set amount. The company does not require collateral in respect of financial assets.

Maximum exposure to credit risk is represented by the carrying value of trade receivables.

Liquidity risk

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flow. This is generally carried out at the group level in accordance with the practice and limits set by MITIE Group PLC. In addition, the group's liquidity management policy involves monitoring key balance sheet ratios against set internal measures.

The maximum exposure to liquidity risk is represented by the carrying value of trade payables which have a contractual maturity within six months.

Segmental reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) which are subject to risks and rewards different from those of the other segments.

Adoption of new and revised

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements:

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

Standards affecting the financial statements

IFRS 3(2008) <i>Business Combinations</i> IAS 27(2008) <i>Consolidated and Separate Financial Statements</i> IAS 28(2008) <i>Investments in Associates</i>	These standards have introduced a number of changes in the accounting for subsidiaries, associates and business combinations IFRS 3 (2008) has also introduced additional disclosure requirements for acquisitions
--	---

The following amendments were made as part of *Improvements to IFRSs (2009)*

Amendment to IFRS 2 - <i>Share-based Payment</i>	IFRS 2 has been amended, following the issue of IFRS 3 (2008), to confirm that the contribution of a business on the formation of a joint venture and common control transaction is not within the scope of IFRS 2
Amendment to IAS 17 - <i>Leases</i>	IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17 The amendment has been applied retrospectively in accordance with the relevant transitions
Amendment to IAS 39 - <i>Financial Instruments Recognition and Measurement</i>	IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard The amendment has been applied prospectively to all unexpired contracts on or after 1 January 2010 in accordance with the relevant transitional provisions

Standards not affecting the reported results or the financial position

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements

IFRIC 17 - <i>Distributions of Non-cash Assets to Owners</i>	The interpretation provides guidance on when an entity should recognise a non-cash dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when the payable is settled
IFRS 2 (amended) - <i>Group Cash-settled Share-based Payment Transactions</i>	The amendment clarifies the accounting for share-based payment transactions between group entities

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IFRS 9	<i>Financial Instruments</i>
IAS 24 (amended)	<i>Related Party Disclosures</i>
IAS 32 (amended)	<i>Classification of Rights Issues</i>
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
IFRIC 14 (amended)	<i>Prepayments of a Minimum Funding Requirement</i>
Improvements to IFRSs (May 2010)	

IFRS 9, which the company plans to adopt in the year beginning on 1 January 2013, will impact both the measurement and disclosures of financial instruments

The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the company in future periods

The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the company in future periods

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

2 SEGMENTAL ANALYSIS

Segment information is presented in respect of the company's business segments and is based on the company's management and internal reporting structure. All segments operate entirely within the United Kingdom.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as items that can be allocated on a reasonable basis. Unallocable items comprise mainly income-earning assets and revenue, interest-bearing loans and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

	Commercial		Rail and retail		Total	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Total revenue	433,012	222,796	50,607	65,876	483,619	288,672
Segment result	9,622	9,796	5,732	(5,342)	15,354	4,454
Unallocated expenses					(1,540)	(17,347)
Profit/(loss) before tax					13,814	(12,893)
Income tax (expense)/credit					(4,138)	3,482
Profit/(loss) for the financial period					9,676	(9,411)
Segment assets	161,873	72,572	13,242	3,373	175,115	75,945
Assets acquired	-	67,601	-	-	18,997	67,601
Unallocated assets					-	11,099
Total assets					194,112	154,645
Segmental liabilities	161,188	65,734	6,184	5,572	167,372	71,306
Liabilities acquired	-	67,552	-	-	11,086	67,552
Unallocated liabilities					-	10,023
Total liabilities					178,458	148,881

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

3 OPERATING PROFIT/(LOSS)

	Year ended 31 March 2011 £'000	15-month period ended 31 March 2010 £'000
Operating profit/(loss) is stated after charging		
Depreciation of property plant and equipment		
owned	2,402	1,721
held under finance leases and hire purchase contracts	259	-
Staff costs	142,750	88,267
Operating lease rentals		
plant and machinery	3,331	987
other	1,593	2,969
Loss on disposal of tangible fixed assets	289	585
Fees payable to the company's auditor for the audit of the company's annual accounts	9	60

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

4 INVESTMENT REVENUES

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
Bank interest	144	30

5 FINANCE COSTS

	Year ended 31 March 2011 £'000	15-month period ended 31 March 2010 £'000
Bank interest	8	7
Interest on loan due to parent company	351	130
Finance leases	-	223
Other	105	-
	<u>464</u>	<u>360</u>

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

6 TAX

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
(a) Analysis of charge/(credit) in the year		
United Kingdom corporation tax at 28% (2010 28%)	4,040	213
Adjustment in respect of prior years	(2,744)	(60)
Total current tax	1,296	153
Deferred taxation		
Timing differences - origination and reversal	(104)	(3,635)
Adjustment in respect of prior years	2,946	-
Total recognised in the income statement (note 6(b))	4,138	(3,482)

(b) Factors affecting tax charge/(credit) in the period per the Income statement as follows.

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%)

	£'000	£'000
Profit/(loss) on ordinary activities before tax	13,814	(12,893)
	£'000	£'000
Tax at 28% (2010 28%) thereon	3,868	(3,610)
Expenses not deductible for tax purposes	(18)	188
Relief in respect of employee share options	86	-
Adjustments to tax charge in respect of prior periods	202	(60)
Tax charge/(credit) for the year (note 6(a))	4,138	(3,482)

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

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

7. DIVIDENDS

	Year ended 31 March 2011 £'000	15-month period ended 31 March 2010 £'000
The dividends approved and paid in the year are as follows		
£0 (2010 £1 12) per Ordinary 'A' shares	<u>-</u>	<u>3,754</u>
	<u>-</u>	<u>3,754</u>

8 GOODWILL

	2011 £'000	2010 £'000
Goodwill at start of period	2,869	-
Recognised on acquisitions	<u>-</u>	<u>2,869</u>
Goodwill at end of period	<u>2,869</u>	<u>2,869</u>

Goodwill relates to the company's acquisition of the trade and assets of MITIE Engineering Maintenance Limited, MITIE Engineering Maintenance (North) Limited and MITIE Engineering Maintenance (Caledonia) Limited on 31 March 2010

The directors are of the view that the operations of the company are a single cash-generating unit and have therefore allocated all goodwill to that cash-generating unit

Goodwill is subject to annual impairment reviews based upon the value in the use of the relevant cash-generating unit

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

9 PROPERTY, PLANT AND EQUIPMENT

	Plant & Plant at clients' sites £'000	Equipment fixtures and fittings £'000	Leasehold improvements £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 January 2009	3,212	1,424	116	-	4,752
Additions	552	3,853	568	-	4,973
Acquisition of businesses	-	252	-	3,525	3,777
Disposals	(63)	(57)	(684)	-	(804)
Reclassified as held for sale *	(2,936)	-	-	-	(2,936)
At 1 April 2010	<u>765</u>	<u>5,472</u>	<u>-</u>	<u>3,525</u>	<u>9,762</u>
Additions	18	1,237	898	2,222	4,375
Acquisition of businesses	67	28	36	157	288
Disposals	(115)	(1,316)	-	(319)	(1,750)
Transfers out to group companies	-	(769)	-	-	(769)
At 31 March 2011	<u>528</u>	<u>4,873</u>	<u>934</u>	<u>5,571</u>	<u>11,906</u>
Depreciation					
At 1 January 2009	2,542	1,380	70	-	3,992
Charge for the period	323	1,383	15	-	1,721
Disposals	(37)	(5)	(85)	-	(127)
Reclassified as held for sale *	(2,346)	-	-	-	(2,346)
At 1 April 2010	<u>482</u>	<u>2,758</u>	<u>-</u>	<u>-</u>	<u>3,240</u>
Charge for the year	30	1,400	86	1,145	2,661
Disposals	(115)	(1,031)	-	(166)	(1,312)
Transfers out to group companies	-	(503)	-	-	(503)
At 31 March 2011	<u>397</u>	<u>2,624</u>	<u>86</u>	<u>979</u>	<u>4,086</u>
Net book value					
At 31 March 2011	<u>131</u>	<u>2,249</u>	<u>848</u>	<u>4,592</u>	<u>7,820</u>
At 31 March 2010	<u>283</u>	<u>2,714</u>	<u>-</u>	<u>3,525</u>	<u>6,522</u>
At 31 December 2008	<u>670</u>	<u>44</u>	<u>46</u>	<u>-</u>	<u>760</u>
* certain assets previously classified as plant at clients' sites amount to £590,000 net book value were reclassified as trade debtors during the prior year where management believes that the asset concerned will be transferred to the client on completion of the service contracts. The assets which remain the property of the company are classified as plant.					
The net book value of plant at clients' sites is nil (2010 nil, 2009 £573,000)					
Leased assets included above					
Net book value					
At 31 March 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>747</u>	<u>747</u>
At 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,066</u>	<u>1,066</u>
At 31 December 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

10 FIXED ASSET INVESTMENTS

	2011 £'000	2010 £'000
Investments at start and end of period	<u>23</u>	<u>23</u>

The investments balance at 31 March 2011 represents interests in the following companies, all of which are incorporated in Great Britain

Name of subsidiary	Principal Activity	Class of shares held	Percentage of shares and voting rights held	Country of Incorporation
Goldfield Electronics Limited	Security Systems	20p Ordinary shares	100	England

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

11 DEFERRED TAX

	2011 £'000	2010 £'000
The deferred tax asset comprises the following		
Depreciation in excess of capital allowances	706	4,059
Share-based payment timing difference	35	-
Other timing differences	566	-
	<u>1,307</u>	<u>4,059</u>

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
Balance at the beginning of the period	4,059	200
Charged/(credited) to income statement	(2,841)	3,635
Deferred tax asset acquired	89	224
Balance at the end of the period	<u>1,307</u>	<u>4,059</u>

12 INVENTORIES

	2011 £'000	2010 £'000
Raw materials	1,386	253
Work in progress	1,933	7,161
	<u>3,319</u>	<u>7,414</u>

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

13 TRADE AND OTHER RECEIVABLES

	2011	2010
	£'000	£'000
Current amounts falling due within one year		
Trade receivables	99,180	85,041
Amounts recoverable on contracts	22,138	2,915
Amounts owed by Group undertakings	8,850	10,622
Other debtors	6,376	325
Prepayments	4,523	6,685
	<u>141,067</u>	<u>105,588</u>

The ageing of trade receivables, net of allowances for impairment, at the reporting date was

	2011	2010
	£'000	£'000
Not past due	69,241	67,766
Past due 0 to 30 days	17,953	10,483
Past due 31 to 90 days	7,566	4,639
Past due 91 to 180 days	4,420	1,851
Past due 181 to 365 days	-	302
	<u>99,180</u>	<u>85,041</u>

The movement in the allowance for impairment in respect of trade receivables during the period was as follows

	2011	2010
	£'000	£'000
Balance at the beginning of the period	3,109	937
Impairment losses recognised in the period	(1,241)	1,421
Impairment losses acquired	29	765
Impairment losses reversed	1,273	(14)
Balance at the end of the period	<u>3,170</u>	<u>3,109</u>

Based on past experience, the company believes that no impairment allowance is necessary in respect of trade receivables not past due

Impairment provision balance transferred from MITIE Lighting on 31 March 2011. Amounts due from group companies are unsecured, interest-free and repayable on demand. Based on past experience, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due.

The allowance account in respect of trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset directly.

14 TRADE AND OTHER PAYABLES

	2011	2010
	£'000	£'000
Payments received on account	1,187	894
Trade payables	55,937	47,854
Amounts owed to Group undertakings	39,923	46,829
Other taxation and social security	18,427	15,213
Accruals and deferred income	50,407	36,622
Defined contribution pension scheme accrual	360	-
	<u>166,241</u>	<u>147,412</u>

Amounts due to Group companies are unsecured, interest-free and repayable on demand

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

15 OBLIGATIONS UNDER FINANCE LEASES

Minimum lease payments	2011 £'000	2010 £'000
Amounts payable under finance leases		
- within one year	10	-
- in the second to fifth years inclusive	18	31
	<u>28</u>	<u>31</u>
Present value of minimum lease payments	£'000	£'000
Amounts payable under finance leases		
- within one year	10	-
- in the second to fifth years inclusive	18	31
	<u>28</u>	<u>31</u>
Analysed as.	£'000	£'000
- Amounts due for settlement within 12 months	10	-
- Amounts due for settlement after 12 months	18	31
	<u>28</u>	<u>31</u>

The average remaining lease term is 14 months (2010 34 months) All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments All lease obligations are denominated in sterling The company's obligations under finance leases are secured against the lessor's rights to the leased assets

16 BORROWINGS

	2011 £'000	2010 £'000
Unsecured borrowings at amortised cost		
Loans from related parties	11,702	-
Total borrowings	<u>11,702</u>	<u>-</u>
Analysed as.	£'000	£'000
- Amounts due for settlement within 12 months	11,702	-
	<u>11,702</u>	<u>-</u>

17. PROVISIONS

	Leasehold property dilapidations provision £'000	Onerous contract provision £'000	Total £'000
At 1 April 2010	1,438	-	1,438
Additional provision in the year	-	200	200
Utilisation of provision	(1,438)	-	(1,438)
On acquisition of subsidiary	287	-	287
At 31 March 2011	<u>287</u>	<u>200</u>	<u>487</u>

The leasehold property dilapidation provision is based on an assessment of the cost of reinstatement and repairs in accordance with contract terms on leasehold properties currently occupied by the Company On 31 March 2011 a balance of £287,000 was transferred from MITIE Lighting Limited

The onerous contract provision is based on an assessment made by management of the fair value adjustment to the carrying value of EPS Fire and Security Limited balance sheet acquired as at 30 June 2010

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

18 CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Alotted, called up and fully paid		
3,350,000 £1 Ordinary 'A' shares	3,350	3,350
3,350,000 £1 Ordinary 'B' shares	3,350	3,350
	<u>6,700</u>	<u>6,700</u>

There is no difference in the rights of 'A' and 'B' ordinary shares

Capital management

The Board's policy when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders, and to sustain the future development of the business. In order to maintain or adjust the capital structure, the Company may issue new shares or raise medium/long-term debt.

19 RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

	Share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2009	6,700	-	12,180	18,880
Net income on foreign currency forward contracts recognised directly in equity	-	49	-	49
Loss for the period	-	-	(9,411)	(9,411)
Dividends	-	-	(3,754)	(3,754)
At 1 April 2010	<u>6,700</u>	<u>49</u>	<u>(985)</u>	<u>5,764</u>
Net cost of	-	(40)	-	(40)
Profit for the year	-	-	9,676	9,676
Credit to equity for equity-settled share-based payments	-	-	235	235
Hedging gain realised	-	-	19	19
At 31 March 2011	<u>6,700</u>	<u>9</u>	<u>8,945</u>	<u>15,654</u>

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

20 FINANCIAL COMMITMENTS

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	1,515	3,984	745	2,348
In the second to fifth years inclusive	2,056	4,661	1,386	3,542
After five years	-	-	157	-
	<u>3,571</u>	<u>8,645</u>	<u>2,288</u>	<u>5,890</u>

The average lease term is 23 months

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

COMMITMENTS CONTINUED

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 £'000	2010 £'000
Overall commitment	<u>195,300</u>	<u>109,000</u>

The Company has an outstanding contractual guarantee with Barclays Bank in relation to its trading relationship with the London Borough of Hillingdon

The Company had capital commitments as at 31 March 2011 amounting to £54,000 (2010 £488,000) In addition, the Company is registered with HM Revenue & Customs as a member of a group for VAT purposes, and, as a result, jointly and severally liable on a continuing basis for amounts owing by other members of that group in respect of unpaid VAT

21 NOTES TO THE CASH FLOW STATEMENT	2011 £'000	2010 £'000
Profit for the financial year	9,676	(9,411)
Adjustments for		
Investment revenues	(144)	(30)
Finance costs	464	360
Income tax expense/(credit)	4,138	(3,482)
Depreciation of property, plant and equipment	2,661	1,721
Share based payment charge	235	-
Loss on disposal of property plant and equipment	289	585
Operating cash flows before movements in working capital	<u>17,319</u>	<u>(10,257)</u>
(Decrease)/increase in provisions	(951)	1,438
Decrease in inventories	4,095	5,198
Increase in receivables	(35,478)	(5,003)
Increase in payables	26,503	38,530
Cash generated by operations	<u>11,488</u>	<u>29,906</u>
Tax paid	(4,150)	(1,976)
Interest paid	(464)	(317)
Net cash from operating activities	<u>6,874</u>	<u>27,613</u>

22 EMOLUMENTS OF THE COMPANY'S DIRECTORS

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
The emoluments of the directors of the company were		
- Aggregate emoluments	<u>581</u>	<u>770</u>
	<u>581</u>	<u>770</u>
	£'000	£'000
Highest paid director		
- Aggregate emoluments	<u>354</u>	<u>446</u>
	<u>354</u>	<u>446</u>

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

EMOLUMENTS OF THE COMPANY'S DIRECTORS

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

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

P F Mosley	MITIE Group PLC
C R Payne (resigned 13 August 2010)	MITIE Group PLC, MITIE Asset Management Limited

23 STAFF COSTS

Number of employees

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

	Year ended 31 March 2011 No	15 month period ended 31 March 2010 No
Operations	3,565	2,913
Administration	803	1,398
	<u>4,368</u>	<u>4,311</u>
Employment cost	£'000	£'000
Wages and salaries	127,452	78,817
Social security costs	12,787	7,836
Other pension costs	2,268	1,357
Contributions to group defined benefit plan	8	257
Share-based payment	235	-
	<u>142,750</u>	<u>88,267</u>

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

24 SHARE-BASED PAYMENTS

The company participates in the following MITIE Group PLC share option schemes

The MITIE Group PLC 2001 Executive share option scheme

The Executive share option scheme exercise price is equal to the average market value of the shares over the five-day period immediately preceding the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the Group. Before options can be exercised, the performance condition that must be satisfied is that the percentage growth in the earnings per share over a three-year period must be equal or greater than 10.0% per annum compound in respect of awards prior to July 2007 and 4.0% above the Retail Price Index per annum thereafter.

The MITIE Group PLC 2001 Savings Related share option scheme

The Savings Related share option scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares on the day preceding the date on which invitations to participate in the scheme are issued. For options granted prior to September 2008, the vesting period is five years. For options granted in September 2008 and thereafter, the vesting period is three years. If the options remain unexercised after a period of six months from the date of vesting, the options expire. Options may be forfeited if the employee leaves the Group.

The MITIE Group PLC Long Term Incentive Plan (LTIP)

The LTIP was introduced in July 2007 following shareholder approval at the AGM. The awards of shares or rights to acquire shares (the awards) are offered to a small number of key senior management. Where offered as options the exercise price is nil. The vesting period is three years. If the awards remain unexercised after a period of four years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the Group. Before the awards can be exercised, a performance condition must be satisfied, the number of awards that vest is determined by a sliding scale of between 5.0% and 14.0% above the Retail Price Index per annum compound growth in earnings per share over a three-year period.

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

SHARE BASED PAYMENTS CONTINUED

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

	2011		2010	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of the year	1,226,521	193	-	-
Granted during the period	1,396,807	173	-	-
Forfeited during the period	(153,554)	145	-	-
Transferred from Group subsidiaries during the period	121,027	163	1,226,521	193
Exercised during the period	(119,212)	145	-	-
Outstanding at end of the period	2,471,589	186	1,226,521	193
Exercisable at end of year	171,473	216	51,000	176

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

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
2001 Executive share options	64	-
2001 Savings Related share options	115	-
Long-term incentive plan scheme (LTIP)	56	-
	235	-
	2011	2010
The weighted average share price at the date of exercise for share options exercised during the year was (p)	202	-
The options outstanding at the year-end had a weighted average price of (p)	182	-
The options outstanding at the year-end had a weighted average remaining contractual life of (years)	5	4

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

SHARE BASED PAYMENTS CONTINUED

The company granted options in the period as detailed below

Share scheme	Fair value £'000
Long Term Incentive Plan scheme (LTIP)	210
Savings related scheme	221
Executive share option scheme	130

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

	2011	2010
Share price (p)	160 to 243	133 to 230
Exercise price (p)	0 to 254	120 to 254
Expected volatility (%)	27 to 36	27 to 36
Expected life (years)	3 to 6	3 to 6
Risk-free rate (%)	1.49 to 5.25	2.4 to 5.2
Expected dividends (%)	2.11 to 3.93	1.4 to 3.3

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.

25 PENSION ARRANGEMENTS

Defined benefit schemes

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 IAS 19 ('Employee 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 35 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £3m (2010 deficit of £6.8m).

Employer contributions to the scheme for the period are shown in note 23. The agreed contribution rate for employee and employer contributions for the next 12 months is 17.5% (2010 17.5%).

Defined contribution schemes

Contributions to the Group's defined contribution pension scheme amounted to £2,268,000 (2010 £1,357,000).

26 RELATED PARTY TRANSACTIONS

The company has related party relationships with other subsidiaries of MITIE Group PLC as follows

Related party	Transaction amount		Period-end balance	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cole Motors Ltd	49	-	-	-
Cole Motors Ltd	(109)	-	(5)	(6)
Goldfield Electronics Ltd	-	-	656	656
MITIE Business Services Ltd	(1,823)	-	(692)	(168)
MITIE Business Services Ltd	332	-	63	-
MITIE Catering Ltd	(1,329)	-	(82)	(172)

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

RELATED PARTY TRANSACTIONS CONTINUED

Related party	Transaction amount		Period-end balance	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
MITIE Catering Ltd	5	-	-	-
MITIE Document Solutions Ltd	(94)	(21)	(8)	(10)
MITIE Document Solutions Ltd	1	-	1	-
MITIE Energy Ltd	(577)	-	(12)	(7)
MITIE Energy Ltd	20	-	-	-
MITIE Engineering Maintenance (Caledonia) Ltd	-	-	(2,767)	(2,767)
MITIE Engineering Maintenance (North) Ltd	-	-	(4,022)	(4,022)
MITIE Engineering Maintenance (S West) Ltd	-	-	(1,323)	(1,323)
MITIE Engineering Maintenance Ltd	-	-	(10,472)	(10,472)
MITIE Engineering Services (Wales) Ltd	(429)	(95)	(75)	(4)
MITIE Engineering Services (Wales) Ltd	21	-	2	-
MITIE Engineering Services (Edinburgh) Ltd	(2)	(55)	-	-
MITIE Engineering Services Ltd	(2)	-	(1)	(31)
MITIE Engineering Services Ltd	55	4	-	97
MITIE Engineering Services (Midlands) Ltd	48	-	37	21
MITIE Engineering Services (Retail) Ltd	447	-	119	447
MITIE Engineering Services (Scotland) Ltd	-	-	-	2
MITIE Engineering Services (S East) Ltd	(31)	-	-	-
MITIE Engineering Services (S East) Ltd	-	-	1	10
MITIE Infrastructure Ltd	(38)	-	(41)	-
MITIE Infrastructure Ltd	214	30	11	95
MITIE Group PLC	(937)	-	(11,702)	(12,276)
MITIE Group PLC	5,962	1,579	118	-
MITIE Security Ltd	(14,663)	-	(1,185)	(2,552)
MITIE Security Ltd	689	-	7	-
MITIE Interiors Ltd	(1)	-	-	-
MITIE Interiors Ltd	340	-	-	-
MITIE Landscapes Ltd	(1,483)	-	(580)	(319)
MITIE Landscapes Ltd	2	-	2	-
MITIE Managed Services (SW & Wales) Ltd	103	-	18	1,777
MITIE Managed Services Ltd	(51)	-	-	(88)
MITIE Managed Services Ltd	2,075	-	376	318
MITIE Pest Control Ltd	(193)	(8)	(68)	(20)
MITIE PFI Ltd	(3)	-	-	-
MITIE PFI Ltd	1,588	2	800	163
MITIE Property Services (UK) Ltd	(715)	(15)	(2)	-
MITIE Property Services (UK) Ltd	(227)	-	-	205
MITIE Security (London) Ltd	(538)	-	(90)	(55)
MITIE Security (London) Ltd	129	-	7	-
MITIE Security Systems Ltd	(530)	(12)	(42)	(41)

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

RELATED PARTY TRANSACTIONS CONTINUED

Related party	Transaction amount		Period-end balance	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
MITIE Security Systems Ltd	182	-	25	-
MITIE Tilley Roofing Ltd	(218)	(3)	(25)	(43)
MITIE Cleaning & Environmental Services Consolidated group	(34,106)	(398)	(4,496)	(5,657)
MITIE Cleaning & Environmental Services Consolidated group	860	2	197	-
MITIE Asset Management Ltd	958	-	1	-
MITIE Care & Custody Ltd	(5)	-	-	-
MITIE Client Services Ltd	(511)	-	(43)	-
MITIE Cleaning Waste & Environmental Ltd	(290)	-	(594)	(27)
MITIE Engineering Ltd	(1)	-	-	-
MITIE Engineering Ltd	3	-	-	-
MITIE Facilities Services Ltd	(153)	-	(212)	-
MITIE Facilities Services Ltd	7,708	-	2,590	-
MITIE Healthcare Energy Services Ltd	(250)	-	-	-
MITIE Healthcare Energy Services Ltd	954	-	194	-
MITIE Managed Services (Southern) Ltd	(9)	-	(1)	-
MITIE Managed Services (Southern) Ltd	1,616	-	1,348	-
MITIE Property Investments Ltd	(182)	-	-	-
MITIE Property Investments Ltd	61	-	9	-
MITIE Property Services (Eastern) Ltd	(13)	-	(2)	-
MITIE Property Services (Eastern) Ltd	78	-	-	-
MITIE Property Services Ltd - Midlands	(1)	-	(1)	-
MITIE Property Services Ltd - North	-	-	9	-
MITIE Property Services Ltd - North	(7)	-	(14)	-
MITIE Property Services Ltd - West	(10)	-	-	-
MITIE Property Services Ltd - Scotland	-	-	(31)	-
MITIE Transport Services Ltd	(19)	-	(18)	-
MITIE Transport Services Ltd	8	-	9	-
EPS Ltd	129	-	129	-
MITIE Engineering Services (SW Region) Ltd	-	-	(5)	-
Parkersell Ltd	-	-	(3,338)	-
MITIE Ltd	-	-	(27)	-
MITIE Polska Sp Z o o	47	-	7	-
MITIE France SA	3	-	3	-
MITIE Sverige AB	11	-	11	-
MITIE Deutschland GmbH	41	-	41	-
MITIE Norge Aksjeselskap	57	-	57	-
MITIE Suomi Oy	11	-	11	-
MITIE Lighting Ltd	(4,332)	(6,527)	-	-
MITIE Lighting Ltd	14,295	8,399	-	381
Pinnigers & Partners Ltd	(4)	-	(4)	-
MITIE Lighting Ltd	(7,911)	-	(7,911)	-
Pinnigers & Partners Ltd	-	-	595	-

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

27 ACQUISITIONS

Acquisitions are accounted for under IFRS 3 (2008) 'Business Combinations'

On 30 June 2010 the company acquired the trade and assets of EPS Fire and Security Limited for a consideration with a fair value of £152,000 which was settled through inter-company balances

The assets are transferred in at their book value, as set out below. The book value equates to the fair value of the assets acquired

	Book value £'000
Property, plant and equipment	32
Inventories	203
Trade and other receivables	898
Total assets	1,133
Bank loans	(600)
Trade and other payables	(318)
Accruals	(55)
Taxation	(312)
Total liabilities	(1,285)
Net assets	(152)
Consideration (as described above)	152
Goodwill arising on acquisition	304

The post-acquisition turnover and operating profit have not been disclosed as the trade and assets are now fully integrated within MITIE Technical Facilities Management Limited

On 31 March 2011 the company acquired the trade and assets of MITIE Lighting Limited for a consideration with a fair value of £7,911,000 which was settled through inter-company balances

The assets are transferred in at their book value, as set out below. The book value equates to the fair value of the assets acquired

	Book value £'000
Property, plant and equipment	288
Inventories	1,731
Trade and other receivables	12,511
Deferred tax asset	79
Cash	3,737
Total assets	18,346
Trade and other payables	(7,261)
Accruals	(2,890)
Taxation	(284)
Total liabilities	(10,435)
Net assets	7,911
Consideration (as described above)	7,911
Goodwill arising on acquisition	-

The post acquisition turnover and operating profit have not been disclosed as the trade and assets are now fully integrated within MITIE Technical Facilities Management Limited

EPS Fire and Security Limited recorded a loss after tax of £23,000 in the period from 1 April 2010 to 30 June 2010. MITIE Lighting Limited recorded a profit after tax of £3,387,000 in the year ended 31 March 2011

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

28 FINANCIAL INSTRUMENTS

Foreign currency risk management

The company undertakes transactions denominated in foreign currencies, consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Exposure to currency risk arises in the normal course of the Company's business. A cash at bank balances of US\$699,000 (£436,000) was held at 31 March 2011, this was not designated as a hedging instrument by Management at 31 March 2011. No liabilities are denominated in a foreign currency at 31 March 2011 (2010 Nil).

Foreign currency sensitivity analysis

Exposure to currency risk in the year is in connection with the normal course of the Company's business, specifically on purchase transactions where the supply is denominated and settled in a foreign currency and on the retranslation at closing spot rate of the bank balances assets held and denominated in US\$. The gains and losses are taken to the Income Statement as incurred, in the year ended 31 March 2011 the net loss on foreign exchange totalled £12,350. Management have designated the US\$ bank account balances as a hedging instrument with effect from 1 April 2011, this will hedge any future exposure to fluctuations in US\$ on the assets held and purchase transactions settled. Management assess sensitivity to currency risk to be very low.

Forward foreign exchange contracts

At 31 March 2011 one US Dollar forward contract of US\$ 416,000 maturing 31 March 2012 and designated as a hedging instrument was held (2010 two US Dollar contracts, one for US\$404,000 maturing 31 March 2011 and one for US\$416,000), purchased to hedge the risk exposure of the Company to movements in the US Dollar to Sterling exchange rate in the period. The exposure is connected with a contractual commitment to meet future requirements to settle specific forward dated liabilities arising from the purchase of goods denominated in US Dollars from a supplier.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and, if not available, the company uses other publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consists of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Exposure to credit risk arises in the normal course of the Company's business, management has a credit policy in place and the exposure is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying value of trade receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk are set out below.

Liquidity risk and interest tables

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Weighted average effective interest rate	Less than 1 year £'000	1 to 5 years £'000	5+ years £'000	Total £'000
At 31 March 2010					
Variable interest rate instruments	3	11,701	-	-	11,701
		<u>11,701</u>	<u>-</u>	<u>-</u>	<u>11,701</u>
At 31 March 2011					
Variable interest rate instruments	3	11,701	-	-	11,701
		<u>11,701</u>	<u>-</u>	<u>-</u>	<u>11,701</u>

The amounts included above for financial guarantee contracts are the maximum amount the company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The company has not entered into any financial guarantee contracts.

The following table details the company's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 year £'000	1 to 5 years £'000	5+ years £'000	Total £'000
For the year ended 31 March 2011				
Net settled foreign exchange forward contracts	249	-	-	249
	<u>249</u>	<u>-</u>	<u>-</u>	<u>249</u>

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

FINANCIAL INSTRUMENTS CONTINUED

Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values

	Carrying value		Fair value	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Financial assets				
Loans and receivables				
- trade and other receivables	141,067	105,588	141,067	105,588
Financial liabilities				
Financial liabilities held at amortised cost				
- loans from related parties	11,702	11,702	11,702	11,702
- trade and other payables	166,241	135,710	166,241	135,710

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes)

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The loan from related party is a loan from MITIE Group PLC attracting interest at 3% p a and is disclosed as a year-end payable balance in the related party note

29 DERIVATIVE FINANCIAL INSTRUMENTS

	2011 £'000	2010 £'000
Current		
Derivatives that are designated effective as hedge instruments carried at fair value	-	-
Forward foreign currency contracts	12	-
Financial assets carried at fair value through profit and loss	-	-
	<u>12</u>	<u>-</u>

The following table details the forward foreign currency contracts outstanding as at the year-end

	Average exchange rate		Foreign currency		Notional value		Fair value	
	2011	2010	2011 \$'000	2010 \$'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash flow hedges								
Sell US\$								
over 6 months	2	-	416,000	-	12	-	12	-
over 6 months	-	-	-	-	12	-	-	-
							<u>12</u>	<u>-</u>

The future USD hedging contract asset recognised at 31 March 2011 is the unrealised gain derived from the movement in US\$ spot rate at year-end compared to the contracted sell rate

MITIE TECHNICAL FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

30 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 Group plc is the smallest and 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