

Company Registration Number:

01535256

COLE MOTORS LIMITED

Annual report and financial statements

For the year ended 31 March 2014

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Officers and professional advisers

DIRECTORS

M A Freeman
P I M Skoulding

SECRETARY

Mitie Company Secretarial Services Limited

REGISTERED OFFICE

1 Harlequin Office Park
Fieldfare
Emersons Green
Bristol
BS16 7FN

AUDITOR

Deloitte LLP
London

Strategic report

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

Review of the business

The Company provides the sale and servicing of motor vehicles. There have not been any significant changes to the Company's principal activities in the year under review and the directors are not aware of any likely significant changes.

As shown in the Company's profit and loss account, the Company's operating profit has increased by 51% over the prior year. This is due to work generated from contracts won within the Mitie Group. The balance sheet shows the Company's financial position at the year end and has, in net asset terms, increased from the prior year.

Key performance indicators

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

Principal risks and uncertainties

The majority of work that Cole Motors Limited undertakes will be for other group companies. The Company is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. The directors have reviewed the financial risk management objectives and policies of the Company in the light of the Group Risk Framework. The directors do not believe there to be any other significant risks.

Financial risk management

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

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

Post balance sheet events

There are no significant events since the balance sheet date that would affect the Company.

Approved by the Board and signed on its behalf by:



M A Freeman
Director
7th August 2014

Directors' report

The directors present the annual report and financial statements of Cole Motors Limited ("the Company") for the year ended 31 March 2014.

Dividends

Dividends for each share class were declared as follows:

Ordinary: £3.0375 per share (2013: £2.05).

Going Concern

The directors have considered the forecast results and associated cash flows for the foreseeable future, being the period not less than 12 months from the date of signing of these financial statements. The directors have considered the facilities available to the Company and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it appropriate to adopt the going concern basis in the preparation of the Company's financial statements.

Payment of creditors

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

Environment

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

Employees

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.

Employee Diversity and inclusion

The Company remains committed to developing a culture that encourages the inclusion and diversity of all of the Company's employees through respecting and appreciating their differences and promoting the continuous development of employees through skills enhancement and training programmes.

The Company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the company) should, as far as reasonably possible, be identical to that of other employees.

Financial Risk Management

This is disclosed in the Strategic Report.

Future developments

The directors expect the general level of activity to remain consistent with 2014 in the forthcoming year.

Directors' report (continued)

Directors

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

M A Freeman
I Irvine - resigned 2 April 2014
P I M Skoulding

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

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

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

Appointment of auditor

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and financial statements. The directors have elected to prepare financial statements in accordance with UK GAAP. The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company, safeguarding the assets, taking reasonable steps for the prevention and detection of fraud and other irregularities, and the preparation of a Strategic report and a Directors' report which complies with the relevant requirements of 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.

Approved by the Board and signed on its behalf by:



M A Freeman
Director
7th August 2014

Independent auditor's report to the members of Cole Motors Limited

We have audited the financial statements of Cole Motors Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Note of historical cost profits and losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Cole Motors Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- 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.



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

7 August 2014

Profit and loss account**For the year ended 31 March 2014**

| | Note | 2014 £'000 | 2013 £'000 |
|---|---------------|-----------------------|-----------------------|
| Turnover | 1 | 4,172 | 3,731 |
| Cost of sales | | (3,171) | (3,018) |
| | | <hr/> | <hr/> |
| Gross profit | | 1,001 | 713 |
| Administration expense | | (113) | (123) |
| | | <hr/> | <hr/> |
| Operating profit | 2 | 888 | 590 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before interest and taxation | | 888 | 590 |
| Interest receivable and similar income | 5 | 76 | 50 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | | 964 | 640 |
| Tax charge on profit on ordinary activities | 6 | (228) | (155) |
| | | <hr/> | <hr/> |
| Profit for the financial year | 14, 15 | 736 | 485 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The results for the year 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.

Note of historical cost profits and losses**Year ended 31 March 2014**

| | Note | 2014 £'000 | 2013 £'000 |
|--|-------------|-----------------------------|-----------------------------|
| Profit on ordinary activities before taxation | | 964 | 640 |
| Difference between a historical cost depreciation charge and the actual depreciation charge for the year | | 3 | 3 |
| Historical cost profit on ordinary activities before taxation | | <u>967</u> | <u>643</u> |
| Historical cost profit for the year after taxation | | <u><u>739</u></u> | <u><u>488</u></u> |

Balance Sheet**As at 31 March 2014**

| | Note | 2014 £'000 | 2013 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 8 | 366 | 357 |
| | | <u>366</u> | <u>357</u> |
| Current assets | | | |
| Stocks | 9 | 79 | 36 |
| Debtors | | | |
| - due within one year | 10 | 177 | 84 |
| Cash at bank and in hand | | 1,733 | 1,056 |
| | | <u>1,989</u> | <u>1,176</u> |
| Creditors: amounts falling due within one year | 11 | (659) | (334) |
| | | <u>1,330</u> | <u>842</u> |
| Net current assets | | | |
| | | <u>1,696</u> | <u>1,199</u> |
| Total assets less current liabilities | | | |
| | | <u>1,696</u> | <u>1,199</u> |
| Provisions for liabilities | 12 | (8) | (4) |
| | | <u>1,688</u> | <u>1,195</u> |
| Net assets | | | |
| | | <u>1,688</u> | <u>1,195</u> |
| Share capital and reserves | | | |
| Called-up share capital | 13 | 8 | 8 |
| Share premium account | 14 | 144 | 144 |
| Revaluation reserve | 14 | 45 | 48 |
| Profit and loss account | 14 | 1,491 | 995 |
| | | <u>1,688</u> | <u>1,195</u> |
| Shareholders' funds | 15 | <u>1,688</u> | <u>1,195</u> |

The financial statements of Cole Motors Limited (registered number 01535256) were approved by the board of directors and authorised for issue on 7th August 2014.

Signed on its behalf by:



M A Freeman
Director

Notes to the financial statements**Year ended 31 March 2014****1. Accounting policies**

The financial statements of the Company have been prepared under the historical cost convention, modified for the valuation of tangible fixed assets, and in accordance with applicable United Kingdom Accounting Standards and law.

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

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

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom/Republic of Ireland, from the Company's principal activity.

Turnover is recognised as services are delivered.

Pension costs

The Company participates in the Mitie Group plc Pension Schemes. One is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. For the purposes of FRS 17 ('Retirement Benefits'), the Company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore the Company is accounting for contributions to the scheme as if it were a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account is the contributions payable in the year.

Where the Company can separately identify its share of the underlying assets and liabilities of any defined benefit schemes to which it contributes, the Company accounts for these schemes as required by FRS 17 with the cost of providing benefits determined using the Projected Unit Credit Method, based on actuarial valuations carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Taxation

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

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

Notes to the financial statements (continued)**Year ended 31 March 2014****1. Accounting policies (continued)*****Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of the assets over their estimated useful lives and is calculated on a straight-line basis as follows:

| | |
|-----------------------------|---------------|
| Freehold land and buildings | 50 years |
| Plant and office equipment | 3 to 10 years |
| Motor vehicles | 4 years |

Stock

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

Cost represents materials, direct labour and overheads incurred in bringing the inventories to their present condition and location. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and estimated selling costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Long-term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long term contract balances in stock.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

Cash flow statement

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

Notes to the financial statements (continued)

Year ended 31 March 2014

2. Operating profit

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Operating Profit is stated after charging: | | |
| Depreciation of tangible fixed assets: | | |
| owned | 16 | 18 |
| | <u>16</u> | <u>18</u> |

Audit fees of £5,000 (2013: £5,000) were borne by Mitie Shared Services Ltd and not recharged.

The Company has taken the exemption available to it not to disclose separately information about fees for non-audit services provided to the Company as this information is available in the consolidated financial statements of Mitie Group plc.

3. Employees

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

| | 2014 No. | 2013 No. |
|----------------|-------------|-------------|
| Operations | 8 | 9 |
| Administration | 2 | 2 |
| | <u>10</u> | <u>11</u> |

Employment cost

| | £'000 | £'000 |
|-----------------------|------------|------------|
| Wages and salaries | 190 | 208 |
| Social security costs | 15 | 17 |
| Other pension costs | 11 | 11 |
| | <u>216</u> | <u>236</u> |

Notes to the financial statements (continued)**Year ended 31 March 2014****4. Directors**

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

Director

M A Freeman

I Irvine

P I M Skoulding

Remunerated by

Mitie Facilities Services Limited

Mitie Group plc

Mitie Shared Services Limited

5. Interest

| | 2014 | 2013 |
|--|------------------|------------------|
| | £'000 | £'000 |
| <i>Interest receivable and similar income</i> | | |
| Bank interest | 76 | 50 |
| | <u>76</u> | <u>50</u> |
| | <u><u>76</u></u> | <u><u>50</u></u> |

Notes to the financial statements (continued)

Year ended 31 March 2014

6. Tax on profit on ordinary activities

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| (a) Analysis of charge in the year | | |
| United Kingdom corporation tax 23% (2013: 24%) | 222 | 155 |
| Adjustment in respect of prior years | - | (22) |
| | <hr/> | <hr/> |
| Total current tax (Note 6(b)) | 222 | 133 |
| Deferred taxation: | | |
| Timing differences - origination and reversal | 6 | 2 |
| Adjustment in respect of prior years | - | 20 |
| | <hr/> | <hr/> |
| Tax on profit on ordinary activities | 228 | 155 |
| | <hr/> | <hr/> |
| (b) Factors affecting tax charge in the year | | |
| The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are as follows: | | |
| Profit on ordinary activities before tax | 964 | 640 |
| | <hr/> | <hr/> |
| Tax at 23% (2013: 24%) thereon: | 222 | 154 |
| Expenses not deductible for tax purposes | 8 | 3 |
| Differences between capital allowances and depreciation | (8) | (2) |
| Adjustments to tax charge in respect of prior years | - | (22) |
| | <hr/> | <hr/> |
| Current tax charge for the year (Note 6(a)) | 222 | 133 |
| | <hr/> | <hr/> |

Notes to the financial statements (continued)**Year ended 31 March 2014****6. Tax on profit on ordinary activities (continued)**

The UK Government announced reductions in the UK corporation tax rate from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015, which were substantively enacted on 2 July 2013. The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those differences are expected to reverse has not had a material impact on the current year tax charge.

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| <i>The deferred tax balance comprises the following:</i> | | |
| Depreciation in excess of capital allowances | 8 | 2 |
| | <hr/> | <hr/> |
| Total deferred tax liability | 8 | 2 |
| | <hr/> | <hr/> |
| Amount charged to the profit and loss account in the year in relation to deferred tax | 6 | 22 |
| | <hr/> | <hr/> |

7. Dividends

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| The dividends approved and paid in the year were: | | |
| Ordinary shares | 243 | 164 |
| | <hr/> | <hr/> |
| | 243 | 164 |
| | <hr/> | <hr/> |

Dividend per share: £3.0375 (2013: £2.05)

Notes to the financial statements (continued)

Year ended 31 March 2014

8. Tangible fixed assets

| | Land and buildings £'000 | Plant and office equipment £'000 | Motor vehicles £'000 | Total £'000 |
|--------------------------|--------------------------------|---|----------------------------|----------------|
| Cost or valuation | | | | |
| At start of year | 407 | 135 | 22 | 564 |
| Additions | - | 16 | 9 | 25 |
| At end of year | 407 | 151 | 31 | 589 |
| Depreciation | | | | |
| At start of year | 72 | 129 | 6 | 207 |
| Charge for the year | 6 | 4 | 6 | 16 |
| At end of year | 78 | 133 | 12 | 223 |
| Net book value | | | | |
| At 31 March 2014 | 329 | 18 | 19 | 366 |
| At 31 March 2013 | 335 | 6 | 16 | 357 |

Land amounting to £90,000 (2013: £90,000) is not depreciated.

Comparable amounts determined according to the historical cost convention:

| | Land and buildings £'000 | Plant and office equipment £'000 | Motor vehicles £'000 | Total £'000 |
|--|--------------------------------|---|----------------------------|----------------|
| Cost | 337 | 151 | 31 | 519 |
| Accumulated depreciation | 53 | 133 | 12 | 198 |
| Net book value at end of year | 284 | 18 | 19 | 321 |
| Net book value at start of year | 287 | 6 | 16 | 309 |

In accordance with the transitional rules of Financial Reporting Standard 15 assets which were revalued in prior years have not been revalued during the year. The carrying value relating to the previous valuation performed as at 31 March 1995 has been carried forward in this year's accounts.

Notes to the financial statements (continued)

Year ended 31 March 2014

9. Stocks

| | 2014 £'000 | 2013 £'000 |
|---------------|------------------|------------------|
| Raw materials | 79 | 36 |
| | <u>79</u> | <u>36</u> |
| | <u><u>79</u></u> | <u><u>36</u></u> |

There is no material difference between the balance sheet value of stocks and their replacement cost.

10. Debtors

| | 2014 £'000 | 2013 £'000 |
|--|-------------------|------------------|
| <i>Amounts falling due within one year:</i> | | |
| Trade debtors | 127 | 78 |
| Amounts owed by Group undertakings | 43 | 2 |
| Prepayments and accrued income | 7 | 4 |
| | <u>177</u> | <u>84</u> |
| | <u><u>177</u></u> | <u><u>84</u></u> |

Notes to the financial statements (continued)

Year ended 31 March 2014

11. Creditors: amounts falling due within one year

| | 2014 £'000 | 2013 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 207 | 45 |
| Amounts owed to Group undertakings | 106 | - |
| Corporation tax | 187 | 153 |
| Other taxation and social security | 113 | 26 |
| Other creditors | 8 | 21 |
| Accruals and deferred income | 38 | 89 |
| | <u>659</u> | <u>334</u> |

12. Provisions for liabilities

| | Deferred Tax £'000 | Total £'000 |
|------------------------------------|-----------------------|----------------|
| At start of year | 2 | 2 |
| Charged to profit and loss account | 6 | 6 |
| | <u>8</u> | <u>8</u> |
| At end of year | <u>8</u> | <u>8</u> |

13. Called-up share capital

| | 2014 £'000 | 2013 £'000 |
|--------------------------------------|---------------|---------------|
| Allotted and called-up share capital | | |
| 80,000 £0.1 Ordinary shares | 8 | 8 |
| | <u>8</u> | <u>8</u> |

Notes to the financial statements (continued)

Year ended 31 March 2014

14. Reserves

| | Share premium account £'000 | Revaluation reserve £'000 | Profit and loss account £'000 |
|--|--------------------------------------|---------------------------------|-------------------------------------|
| At start of year | 144 | 48 | 995 |
| Profit for the financial year | - | - | 736 |
| Dividends paid | - | - | (243) |
| Transfer of amount equivalent to additional depreciation on revalued assets | - | (3) | 3 |
| At end of year | <u>144</u> | <u>45</u> | <u>1,491</u> |

15. Reconciliation of movement in shareholders' funds

| | 2014 £'000 | 2013 £'000 |
|-------------------------------------|---------------|---------------|
| Profit for the financial year | 736 | 485 |
| Dividends paid on equity shares | (243) | (164) |
| Net addition to shareholders' funds | <u>493</u> | <u>321</u> |
| Opening shareholders' funds | <u>1,195</u> | <u>874</u> |
| Closing shareholders' funds | <u>1,688</u> | <u>1,195</u> |

Notes to the financial statements (continued)**Year ended 31 March 2014****16. Pension arrangements**

The Company participates in the Mitie Group plc Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the Company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme on a consistent and reasonable basis. Therefore the Company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 21 to the Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £17 million (2013: deficit of £29.7 million).

Employer contributions to the scheme for the period are shown in note 3. The agreed contribution rate for employee and employer contributions for the next 12 months is 18.5% (2013: 18.5%).

17. Related party transactions

Set out below are the related party transactions. The Company has taken the exemption available under FRS 8 not to disclose transactions with other wholly-owned subsidiaries of Mitie Group plc. There were no transactions with entities other than members of Mitie Group plc which require disclosure under FRS 8

| Related Party | Nature of transaction | Transaction amount | | Year end balance | |
|---|-----------------------|--------------------|---------------|------------------|---------------|
| | | 2014 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 |
| Mitie Technical Facilities Management Limited | Intercompany | (282) | 23 | 1 | 1 |
| Mitie Business Services UK Limited* | Intercompany | - | 2 | - | - |
| Mitie Landscapes Limited* | Intercompany | - | 3 | - | - |
| Mitie Security Limited* | Intercompany | - | 4 | - | - |

*These companies are now wholly-owned subsidiaries of Mitie Group plc

18. Ultimate parent undertaking and controlling party

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

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