

Broadreach Group Limited

Annual report and financial statements

Registered number 02427982

31 March 2022



Broadreach Group Limited
Annual report and financial statements
31 March 2022

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Company information

Directors

P J G Dickinson
S A Pound
J M Williams

Secretary

Mitie Company Secretarial Services Limited

Registered office

Level 12
The Shard
32 London Bridge Street
London
SE1 9SG

Auditor

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Directors' report

The Directors present the annual report and audited financial statements of Broadreach Group Limited, (the "Company"), for the year ended 31 March 2022.

The Company is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

Strategic report

The Directors have taken advantage of the exemption provided by Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from preparing a strategic report.

Review of the business

The principal activity of the Company is that of an investment holding company. There have not been any significant changes in the Company's principal activities in the year under review.

The results for the comparative period ended 31 March 2021 and the balance sheet at that date constitute a shortened accounting period of four months.

As shown in the income statement on page 8, the Company's revenue was £nil (4 months ended 31 March 2021: £nil) and the loss for the year was £13,000 (4 months ended 31 March 2021: £1,000).

Going concern

The Company's business activities have been described above and the factors likely to affect its future development and position have been set out below. The financial statements have been prepared on a going concern basis. See Note 1c.

Directors

The Directors who held office during the year and up to the date of signing the financial statements were:

	Date of appointment	Date of resignation
P G Clark		1 April 2021
P J G Dickinson		
S C Kirkpatrick		27 August 2021
S A Pound		
J M Williams	7 April 2021	

Directors' indemnity

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of certain of the Directors listed above in respect of liabilities incurred as a result of their office to the extent permitted by law.

Dividends

No dividend was declared or paid during the year (4 months ended 31 March 2021: £nil).

Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Directors' report (continued)

Subsequent events

There have been no significant events since the balance sheet date.

Disclosure of information to auditor

Each Director in office at the date of approval of these financial statements confirms that:

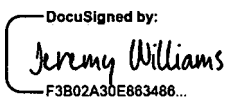
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, BDO LLP have been appointed as the auditor.

Approved by the Board and signed on its behalf by:

DocuSigned by:

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J M Williams
Director

06 December 2022

Statement of Directors' responsibilities in respect of the Annual report and financial statements

The Directors are responsible for preparing the Annual report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

Independent auditor's report to the members of Broadreach Group Limited

Opinion on the 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Broadreach Group Limited (the "Company") for the year ended 31 March 2022 which comprise the Income statement, the Balance sheet, the Statement of changes in equity and the Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Independent auditor's report to the members of Broadreach Group Limited (continued)

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates, through discussion with management and our knowledge of the industry. We focussed on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice), Health and Safety, the Bribery Act 2010 and tax legislations.
- We considered compliance with these laws and regulations through discussions with management and, where applicable Mitie Group plc in-house legal counsel. Our procedures also included reviewing minutes from Mitie Group plc board meetings, reviewing minutes of Mitie Group plc audit committee meetings and reviewing Mitie Group plc internal audit reports to identify any instances of non-compliance with laws and regulations.
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls we tested the appropriateness of journal entries made throughout the year by applying specific criteria.
- We performed detailed testing of the entity's year end adjusting entries and journals throughout the year, investigated any that appeared unusual as to nature or amount; assessed whether the judgements made in accounting estimates were indicative of a potential bias.
- We identified areas at risk of management bias and challenged key estimates and judgements applied by Management in the financial statements to assess their appropriateness.
- We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Independent auditor's report to the members of Broadreach Group Limited (continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

DocuSigned by:

Nigel Harker

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Nigel Harker (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

Gatwick, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

06 December 2022

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Income statement

		Year ended 31 March 2022 £000	4 months ended 31 March 2021 £000
	<i>Note</i>		
Administrative expenses		(8)	-
Operating loss		(8)	-
Finance costs	5	(3)	(1)
Loss before tax		(11)	(1)
Tax	6	(2)	-
Loss for the year/period		(13)	(1)

The notes on pages 11 to 19 form an integral part of the financial statements.

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

There were no items of other comprehensive income recognised during the current year or prior period. Accordingly, no statement of comprehensive income has been prepared.

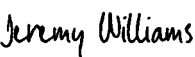
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Balance sheet

	Note	2022 £000	2021 £000
Non-current assets			
Investment in subsidiaries	7	90	90
Total non-current assets		<u>90</u>	<u>90</u>
Current assets			
Trade and other receivables	8	115	121
Total current assets		<u>115</u>	<u>121</u>
Current liabilities			
Trade and other payables	9	(10)	(5)
Current tax payable		(2)	-
Total current liabilities		<u>(12)</u>	<u>(5)</u>
Net current assets		<u>103</u>	<u>116</u>
Non-current liabilities			
Other payables	9	(40)	(40)
Total non-current liabilities		<u>(40)</u>	<u>(40)</u>
Net assets		<u>153</u>	<u>166</u>
Equity			
Share capital	10	105	105
Share premium	10	33	33
Retained earnings	10	15	28
Total equity		<u>153</u>	<u>166</u>

The notes on pages 11 to 19 form an integral part of the financial statements.

The financial statements of Broadreach Group Limited, company number 02427982, were approved by the Board of Directors and authorised for issue on 06 December 2022 and were signed on its behalf by:

DocuSigned by:

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J M Williams
Director

Broadreach Group Limited
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Statement of changes in equity

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 December 2020	105	33	29	167
Loss for the period	-	-	(1)	(1)
Total comprehensive expense	-	-	(1)	(1)
At 31 March 2021	105	33	28	166
Loss for the year	-	-	(13)	(13)
Total comprehensive expense	-	-	(13)	(13)
At 31 March 2022	105	33	15	153

The notes on pages 11 to 19 form an integral part of the financial statements.

Notes to the financial statements

1 Accounting policies, judgements and estimates

a) General information

Broadreach Group Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in the United Kingdom. Details of the Company's activities are set out in the Directors' report. The Company's financial statements are presented in pounds sterling, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest one thousand pounds, unless otherwise indicated.

The Company is exempt, by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent undertaking, Mitie Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Mitie Group plc have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. They are available to the public and may be obtained from www.mitie.com.

b) Statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("UK-adopted International Accounting Standards"), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

On 31 December 2020, International Financial Reporting Standards ("IFRS") as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company transitioned to UK-adopted International Accounting Standards (as described above) in its financial statements for the period ended 31 March 2021. This change constituted a change in accounting framework. However, there was no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

c) Basis of preparation

Going concern

The financial statements have been prepared on a going concern basis. The Company participates in the Group's centralised treasury arrangements and shares banking arrangements with Mitie Group plc, its ultimate parent, and with fellow subsidiaries. The Directors have received a letter of support from the directors of Mitie Group plc to confirm the provision of adequate financial resources to the Company for a period of not less than twelve months from the date of approval of the Company's statutory financial statements for the year ended 31 March 2022 to ensure that the Company can meet its liabilities as they fall due.

The directors of Mitie Group plc have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of these financial statements (the "Going Concern Assessment Period"). This assessment was based on the latest forecasts using the Group's cash flow model (the "Base Case Forecasts"), which has been reviewed by the Group's board. These Base Case Forecasts indicate that the debt facilities currently in place are adequate to support the Group over the Going Concern Assessment Period.

The Group's principal debt financing arrangements as at 30 September 2022 were a £150.0m revolving credit facility, of which £8.3m was drawn as at 30 September 2022, and £151.5m of US private placement ("USPP") notes (being the repayment amount after taking account of the cross-currency swaps hedging the principal amount), of which £121.5m are due to mature in December 2022. The revolving credit facility was put in place in October 2021, and matures in October 2026, on significantly more favourable terms than the previous facility. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis.

Notes to the financial statements (continued)

1 Accounting policies, judgements and estimates (continued)

The issue in December 2022 of £120.0m of new USPP notes has also been agreed, under a delayed funding arrangement, avoiding any overlap with the existing £121.5m of notes that mature in the same month. The new notes are split equally between 8-year, 10-year and 12-year maturities, and will be issued with an average coupon that is significantly below the current coupon. The remaining £30.0m of USPP notes are due to mature in December 2024, which is outside the Going Concern Assessment Period.

The Group currently operates within the terms of its agreements with its lenders, with consolidated net cash (i.e. net cash adjusted for covenant purposes, including the exclusion of lease liabilities) of £53.2m at 30 September 2022. The Base Case Forecasts indicate that the Group will continue to operate within these terms and that the headroom provided by the Group's strong cash position and the debt facilities currently in place is adequate to support the Group over the Going Concern Assessment Period.

The directors of Mitie Group plc have also completed a reverse stress test using the Group cash flow model to assess the point at which the covenants, or facility headroom, would be breached. The sensitivities considered have been chosen after considering the Group's principal risks and uncertainties.

The primary financial risks related to adverse changes in the economic environment and/or a deterioration in commercial or operational conditions are listed below. These risks have been considered in the context of any further UK budgetary changes, political uncertainty and the continued impact of the Russian invasion of Ukraine, as well as an inflationary and potential recessionary economic environment:

- a downturn in revenues—this reflects the risks of not being able to deliver services to existing customers, or contracts being terminated or not renewed;
- a deterioration of gross margin—this reflects the risks of contracts being renegotiated at lower margins, or planned cost savings not being delivered;
- an increase in costs—this reflects the risks of a shortfall in planned overhead cost savings, including the margin enhancement initiatives not being delivered, or other cost increases such as sustained higher cost inflation; and
- a downturn in cash generation—this reflects the risks of customers delaying payments due to liquidity constraints, the removal of ancillary debt facilities or any substantial one-off settlements related to commercial issues.

As a result of completing this assessment, the directors of Mitie Group plc concluded that the likelihood of the reverse stress scenarios arising was remote. In reaching the conclusion of remote likelihood, the directors of Mitie Group plc considered the following:

- all stress test scenarios would require a very severe deterioration compared to the Base Case Forecasts. Revenue is considered to be the key risk, as this is less within the control of management. Revenue would need to decline by approximately 39% in H1 FY24, compared to the Base Case Forecasts, which is considered to be very severe given the high proportion of the Group's revenue that is fixed in nature and the fact that even in the COVID-hit year ended 31 March 2021, the Group's revenue excluding Interserve declined by only 1.6%; and
- in the event that the Group's results started to trend significantly below those included in the Base Case Forecasts, additional mitigation actions have been identified that would be implemented, which are not factored into the stress test scenarios. These include the short-term scaling down of capital expenditure, overhead efficiency/reduction measures including cancellation of discretionary bonuses and reduced discretionary spend, asset disposals and reductions in cash distributions.

Based on these assessments, the directors of Mitie Group plc have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of these financial statements. In addition, the directors of Mitie Group plc have concluded that the likelihood of the reverse stress scenarios arising is remote and therefore no material uncertainty exists.

Based on this assessment, and their enquiries of the directors of Mitie Group plc, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of the Company's financial statements for the year ended 31 March 2022. Accordingly, the financial statements have been prepared on a going concern basis.

Notes to the financial statements (continued)

1 Accounting policies, judgements and estimates (continued)

FRS 101 exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- the statement of compliance with UK-adopted International Accounting Standards;
- disclosures in respect of capital management;
- the effects of new but not yet effective UK-adopted International Accounting Standards;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures in respect of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

As the consolidated financial statements of Mitie Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments: Disclosures*.

Accounting standards that are newly effective in the current year

There are no new and mandatorily effective standards in the year that would have a material impact on the financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

d) Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Taxation

Tax in the income statement represents current tax.

Current tax is based on taxable profit or loss for the year. Taxable profit or loss differs from the accounting profit or loss 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. Current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Investments in subsidiaries

Investments in subsidiaries are shown at cost less any provision for impairment. Investments in subsidiaries are reviewed on an ongoing basis for any indication of impairment and, if any such indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying value of an asset exceeds its recoverable amount.

Notes to the financial statements (continued)

1 Accounting policies, judgements and estimates (continued)

Financial instruments

Classification and measurement

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

Financial assets comprise trade and other receivables. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are initially measured at their transaction price and are subsequently remeasured at amortised cost.

Financial liabilities comprise trade and other payables. These are measured at initial recognition at fair value and subsequently at amortised cost. Finance charges are accounted for on an accruals basis in the income statement.

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

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECLs") on all receivable balances from customers subsequently measured at amortised cost, using the simplified approach. Under this approach, the Company recognises a loss allowance based on lifetime ECLs at each reporting date. ECLs are calculated on the basis of historic and forward-looking data on default risk which is applied to customers with common risk characteristics such as sector type.

e) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under FRS 101 requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual results may differ from these judgements, estimates and assumptions.

Critical judgements in applying the Company's accounting policies

There were no critical judgements that had significant effects on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investments

The Company has investments in subsidiaries of £90,000 (2021: £90,000) at the balance sheet date (see Note 7). Determining whether an investment is impaired requires an estimation of its recoverable amount. The recoverable amount involves an estimation of the future cash flows and the selection of appropriate discount rates to use in order to calculate the present values.

Notes to the financial statements (continued)

2 Auditor's remuneration

The auditor's remuneration was borne by Mitie Group plc (4 months ended 31 March 2021: Mitiefm (Holdings) Limited) and no allocation or recharge (4 months ended 31 March 2021: £nil) was made to the Company.

Fees paid to the Company's auditor and its associates in respect of services other than the statutory audit of the Company have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Mitie Group plc.

3 Staff numbers

The Company had no employees during the year (4 months ended 31 March 2021: nil).

4 Directors' remuneration

The following Directors were also directors or employees of another Group company. They were 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	Remunerated by	Disclosed by
P G Clark	Mitiefm Services Limited	Mitiefm Services Limited
P J G Dickinson	Mitie Limited	Mitie Limited
S C Kirkpatrick	Mitie Limited	Mitie Limited
S A Pound	Mitie FM Limited	Mitie FM Limited
J M Williams	Mitie FM Limited	Mitie FM Limited

5 Finance costs

	Year ended 31 March 2022 £000	4 months ended 31 March 2021 £000
Preference share dividends	3	1
	<u>3</u>	<u>1</u>

Notes to the financial statements (continued)

6 Tax

	Year ended 31 March 2022 £000	4 months ended 31 March 2021 £000
<i>Analysis of charge in the year/period</i>		
<i>UK corporation tax at 19% (4 months ended 31 March 2021: 19%)</i>		
Current tax on loss for the year/period	1	-
Adjustments in respect of prior periods	1	-
Total charge for the year/period	2	-
	Year ended 31 March 2022 £000	4 months ended 31 March 2021 £000
<i>Tax reconciliation</i>		
Loss before tax	(11)	(1)
Tax using the UK corporation tax rate of 19% (4 months ended 31 March 2021: 19%)	(2)	-
Items not deductible for tax purposes	3	-
Adjustments in respect of prior periods	1	-
Total tax charge for the year/period	2	-

The UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change has been substantively enacted at the balance sheet date and is therefore incorporated into the amounts contained in these financial statements.

Notes to the financial statements (continued)

7 Investment in subsidiaries

The Company has the following investments in group undertakings.

	Shares in Group undertakings £000
Cost	
At 1 December 2020	90
At 31 March 2021	90
At 31 March 2022	90
Net book value	
At 31 March 2021	90
At 31 March 2022	90

Details of all investments in subsidiary undertakings have been provided below. Investments held directly by the Company have been indicated.

Company	Country of incorporation	Class of shares held	Proportion of nominal value of class
Bateman's Cleaning Services Limited ¹	United Kingdom	Ordinary	100%
Unique Cleaning Services Limited ¹	United Kingdom	Ordinary	100%

Note:

1. Held directly by the Company.

The registered office of all companies listed above is Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG.

8 Trade and other receivables

	2022 £000	2021 £000
Amounts owed by Group undertakings	114	121
Other receivables	1	-
	115	121

Management considers that the carrying amount of trade and other receivables approximates their fair value. Trade and other receivables are interest-free.

Amounts owed by Group undertakings are repayable on demand. Included within these amounts are £114,000 (2021: £117,000) relating to interest-free loans.

Notes to the financial statements (continued)

9 Trade and other payables

	2022 £000	2021 £000
Amounts owed to Group undertakings	2	4
Other payables	48	41
	<u>50</u>	<u>45</u>
Current	10	5
Non-current	40	40

Trade and other payables are interest-free except as noted below.

Amounts owed to Group undertakings are repayable on demand.

The preference shares of £40,000 (2021: £40,000) reported in non-current Other payables hold the voting rights and are entitled to an 8% annual dividend. The preference share dividends are reported in Finance costs (Note 5).

10 Equity

Share capital	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary shares of £1 each	105,264	105,264	105	105
Preference shares of £1 each	40,000	40,000	40	40

The holders of the preference shares are entitled to receive an 8% annual dividend. The ordinary shares are non-voting. The preference shares are reported in Trade and other payables (Note 9) and the dividend is reported in Finance costs (Note 5).

Share premium

Share premium represents the premium arising on the issue of equity shares.

Retained earnings

This comprises the retained profit and losses of the Company, less amounts distributed to the Company's shareholder.

11 Related parties

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries within the Group.

12 Subsequent events

There were no material post balance sheet events that require adjustment or disclosure.

Notes to the financial statements (continued)

13 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Maclellan Group Limited which is the immediate parent company incorporated in the United Kingdom. The ultimate controlling party is Mitie Group plc, a company incorporated in the United Kingdom with its registered office at 35 Duchess Road, Rutherglen, Glasgow, G73 1AU. Mitie Group plc is the parent company of the largest and smallest groups into which the accounts of the Company are consolidated. The consolidated financial statements of Mitie Group plc are available to the public and may be obtained from the Company Secretary at Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG or from www.mitie.com.