Mitie Property Services (UK) Limited

Annual Report and Financial Statements

Registered number 02935593

31 March 2017

Contents

Company information

Directors

M G Bishop
C M Boath
D Gibson
J Ridley
K W Robson
J S Sheridan

Company secretary

Mitie Company Secretarial Services Limited

Registered office

1 Harlequin Office Park
Fieldfare
Emersons Green
Bristol
BS16 7FN

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

Mitie Property Services (UK) Limited ("the Company") is part of the Mitie Group of companies ("the Group"), the ultimate parent company being Mitie Group plc.

The Directors, in preparing this Strategic report, have complied with Section 414c of the Companies Act 2006.

Review of the business

The Company provides comprehensive property maintenance and refurbishment, painting and decorating and new house fit-out services to the domestic, commercial, industrial and public sectors throughout the United Kingdom. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the Company's profit and loss account on page 10, the Company's revenue was £225,702,000 (2016: £280,368,000 restated) and the loss after tax was £9,365,000 (2016: profit £8,682,000 restated).

Turnover for the year has decreased by 18% compared to the prior year and gross profit has remained static at 20%. The balance sheet shows that the Company's financial position at the year end, in net asset terms, has reduced compared to the prior year as a consequence of the loss incurred in the year and the payment of a dividend.

During the year there was an apparent significant shortfall in the expected profitability of Mitie Group plc, the Company's ultimate parent company, for the year ended 31 March 2017. The Group appointed a new executive management team in December and January and they immediately launched an Accounting Review process to provide confidence that all relevant accounting standards were appropriately reflected in the Group's financial reporting.

Following additional information becoming available, the Group review work has identified a number of prior year errors that, due to their materiality, require the restatement of the Company's results for the year ended 31 March 2016, as well as the balance sheet positions as at 31 March 2016 and at 31 March 2015. These errors are outlined in note 2.

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. Details of how to obtain the Group's annual report are set out in note 25.

Principal risks and uncertainties

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 significant risks other than those detailed below.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Key risks include:

Strategic Risks

Changes in the market and to the economic conditions

The Company is exposed to UK market conditions. Company performance and resourcing requirements may be impacted by any changes in the market. We have an ability to recognise and adapt to any change in requirement for services and are well placed to adapt to policy changes.

Financial Risks

Reliance on material counterparties

The Company depends on a number of significant counterparties, including clients, suppliers, banks and insurers, to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

Operational Risks

Significant health, safety or environmental incident

The potential to cause harm to employees, clients, or to damage the environment exists and is mitigated by an extensive Quality, Health, Safety and Environmental (QHSE) programme that is monitored closely.

System, process or control failure

Increased reliance on business systems dictates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. Mitie's core policies provide the basis of the governance framework. These are subject to reviews which underpins the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business critical systems.

Attracting and retaining skilled people

Failure to attract new talent and develop existing employees could impact growth. The Company utilises Mitie's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

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

Strategic report *(continued)*

Future developments
The Directors expect the general level of activity to increase in the forthcoming year. This is as a result of general economic growth in the United Kingdom and new contract wins.

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

Approved by the Board and signed on its behalf by:

M G Bishop
Director

24 July 2017

Directors' report

The Directors present the Annual Report and audited Financial Statements of Mitie Property Services (UK) Limited ('the Company') for the year ended 31 March 2017.

In preparing this Directors' Report, the Directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic Report.

Going concern
The Company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic report.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its ultimate parent and fellow subsidiaries.

The Company has net liabilities at the year end, the circumstances having been discussed in the Strategic Report on page 2.

The Directors, having assessed the responses of the Directors of the Company's ultimate parent Mitie Group plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Mitie Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Mitie Group plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors
The Directors who held office during the year, together with those subsequently appointed, were:

Director	Date of appointment	Date of resignation
M G Bishop		
C M Boath		
M E Cox		17/01/2017
D Gibson	17/01/2017	
J Ridley		
K W Robson		
W Robson		17/01/2017
J S Sheridan	17/01/2017	

Dividends
Dividends per share for each share class were declared and paid during the year as follows:

	2017	2016
	£	£
A Ordinary	3.51	1.69
B Ordinary	3.51	1.69

Directors' report *(continued)*

Employees

The Company recognises the importance of good communications and employee relationships. The Group communicates with employees via multiple channels, including group-wide mailings, employee magazines and updates, employee-focused initiatives and events (including group business roadshows), media networks and the provision of access to broadcasts of periodic financial presentations.

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.

Environment

The Group endeavours to identify, monitor and manage the impact of their activities on the environment and is 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.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year.

Disclosure of information to auditor

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

The Directors are responsible for preparing the Strategic Report, the Directors' 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the board

M G Bishop
Director
24 July 2017

1 Harlequin Office Park
Fieldfare
Emersons Green
BS16 7FN

Independent auditor's report to the members of Mitie Property Services (UK) Limited

We have audited the financial statements of Mitie Property Services (UK) Limited for the year ended 31 March 2017 which comprise the Profit and loss account, Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 25. 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), including Financial Reporting Standard 101 Reduced Disclosure Framework.

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 Statement of Directors' Responsibilities in respect of the annual report and financial statements, 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- 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; and
- the Strategic Report and 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 any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of Mitie Property Services (UK) Limited
(continued)

Matters on which we are required to report by exception

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

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

Mark Beddy

Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP,
Statutory Auditor
London
United Kingdom

24 July 2017

Profit and loss account

	Note	2017 Total £000	Restated* 2016 Total £000
Turnover	*4*	**225,702**	280,368
Cost of sales		**(182,581)**	(225,086)
Gross Profit		**43,121**	55,282
Administrative expenses		**(55,574)**	(45,580)
Other operating income		**-**	10
Operating (Loss)/profit	*5*	**(12,453)**	9,712
Income from joint ventures and associates	*8*	**566**	661
Other interest receivable and similar income	*9*	**1,001**	1,355
Waiver of associate company balance		**-**	(86)
Interest payable and similar expenses	*10*	**(515)**	(600)
(Loss)/profit on ordinary activities before taxation		**(11,401)**	11,042
Tax on (loss)/profit on ordinary activities	*11*	**2,036**	(2,360)
(Loss)/profit for the financial year		**(9,365)**	8,682

* The profit and loss account has been restated for 2016, as explained by note 2 to these financial statements.

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

Statement of other comprehensive income

	2017	Restated* 2016
	£000	£000
(Loss)/profit for the year	**(9,365)**	8,682
Other comprehensive income		
Income tax on items that will not be reclassified to profit or loss	-	4
Other comprehensive income for the year, net of income tax	-	4
Total comprehensive (expense)/income for the year	**(9,365)**	8,686

*Statement of other comprehensive income has been restated for 2016, as explained by note 2 to these financial statements

Balance sheet

	Note	2017 £000	Restated* 2016 £000
Fixed assets			
Intangible assets			
Goodwill	12	**5,849**	5,849
Tangible assets	13	**553**	559
Investments	14	**3**	3
		6,405	6,411
Current assets			
Stocks	15	**502**	362
Debtors (including £225,000 due after more than one year (2016: £311,000))	16	**56,527**	69,415
Cash at bank and in hand		**26,803**	34,068
		83,832	103,845
Creditors: amounts falling due within one year	17	**(91,916)**	(90,716)
Net current (liabilities)/assets		**(8,084)**	13,129
Total assets less current liabilities		**(1,679)**	19,540
Other provisions - current	19	**(549)**	-
Provisions for liabilities		**(549)**	-
Net (liabilities)/assets		**(2,228)**	19,540
Capital and reserves			
Called up share capital	21	**3,600**	3,600
Profit and loss account		**(5,828)**	15,940
Shareholders' (deficit)/funds		**(2,228)**	19,540

* The Balance Sheet has been restated for 2016, as explained by note 2 to these financial statements

These financial statements of Mitie Property Services (UK) Limited, company number 02935593, were approved by the board of Directors on and were signed on its behalf by:

J. Ridley

J Ridley
Director

24 July 2017

Statement of changes in equity

	Called up Share capital £000	Profit and loss account* £000	Total equity* £000
Balance at 1 April 2015	3,600	13,038	16,638
Total comprehensive income for the year			
Profit restated	-	8,682	8,682
Other comprehensive income (see note 21)	-	4	4
Total comprehensive income for the year	-	8,686	8,686
Transactions with owners, recorded directly in equity:			
Equity-settled share based payment transactions	-	291	291
Dividends (see note 21)	-	(6,075)	(6,075)
Total contributions by and distributions to owners	-	(5,784)	(5,784)
Balance at 31 March 2016	3,600	15,940	19,540

*Statement of changes in equity has been restated for 2016, as explained by note 2 to these financial statements

	Called up share capital £000	**Profit and loss account £000**	**Total equity £000**
Balance at 1 April 2016 restated	3,600	15,940	19,540
Total comprehensive income for the year			
Loss	-	(9,365)	(9,365)
Other comprehensive income (see note 21)	-	-	-
Total comprehensive income for the year	-	(9,365)	(9,365)
Transactions with owners, recorded directly in equity:			
Equity-settled share based payment transactions	-	246	246
Tax on share based payments	-	(9)	(9)
Other reserves movement	-	(18)	(18)
Dividends (see note 21)	-	(12,622)	(12,622)
Total contributions by and distributions to owners	-	(12,403)	(12,403)
Balance at 31 March 2017	**3,600**	**(5,828)**	**(2,228)**

Notes

1 Accounting policies

Mitie Property Services (UK) Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales and domiciled in the UK. The registered number of the Company is 02935593. The Company's registered office is at 1 Harlequin Office Park, Fieldfare, Emersons Green, Bristol, South Gloucestershire BS16 7FN. Details of the Company's activities are set out in the Strategic Report.

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, which are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from www.mitie.com.

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

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 EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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, tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

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:

- IFRS 2 Share Based Payments in respect of Group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

Notes *(continued)*

1 Accounting policies *(continued)*

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

Judgements made by the Directors, in the application of these accounting policies, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. It is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement for the period and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (CGUs) expected to benefit from the synergies of the combination. CGUs 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 CGU 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. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Tangible fixed assets

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

- Plant and machinery: 3 - 10 years
- Motor vehicles: 4 years
- Office equipment: 3 - 5 years

Annually the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs represent 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Employee benefits

Retirement benefit costs

The Company participates in 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 IAS 19 – Employee Benefits, the Company has been unable to identify its share of underlying assets and liabilities in this 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.

The Company also participates in a number of other local government defined benefit schemes. In respect of the schemes in which the Company participates, the Company accounts for its legal and constructive obligations over the period of its participation which is for a fixed period only. The obligations are such that the Company is not responsible for a share of any deficit or surplus arising and therefore these schemes are accounted for as defined contribution schemes.

In addition, the Company operates a number of defined contribution retirement benefit schemes for all qualifying employees. Payments to the defined contribution and stakeholder pension schemes are charged as an expense as they fall due.

Share-based payment transactions

The Company participates in a number of Mitie Group plc executive and employee share option schemes. For all grants of share options, the fair value as at the date of grant is calculated using the appropriate valuation model and the corresponding expense is recognised on a straight-line basis over the vesting period based on the Company's estimate of shares that will actually vest. Further details of the Group's share option schemes are contained in the Mitie Group plc annual report.

The Company took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity instruments that were granted after 7 November 2002 and that had not vested by 1 April 2014.

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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom from the Company's principal activity.
Turnover is recognised as services are delivered to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

Turnover represents income recognised in respect of services provided during the year (stated net of sales taxes) and is earned predominantly within the United Kingdom. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. When turnover is recognised but has not yet been billed accrued income arises. Deferred income arises when the Company has billed clients in advance of recognising revenue.

All bid costs are expensed through the income statement up to the point where contract award or full recovery of the costs is virtually certain. The confirmation of the preferred bidder for a contract by a client is the point at which the award of a contract is considered to be virtually certain.

Turnover from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date. Turnover from time and material contracts is recognised at the contractual rates as labour hours and tasks are delivered and direct expenses incurred. In other cases, the Company distinguishes between the following types of contract:

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover (continued)
Revenue recognition: repeat service-based contracts (single and bundled contracts)
Turnover is recognised on a straight-line basis unless this is not an accurate reflection of the work performed. Where a straight-line basis is not appropriate, for example if specific works on contracts represent a significant element of the whole, turnover is recognised based on the percentage of completion method, based on the proportion of costs incurred at the balance sheet date relative to the total estimated cost of completing the contracted work. Costs incurred, after the confirmation of preferred bidder, that are specific costs incurred to ensure that the project or programme has appropriate organisational, operational and technical infrastructures and mechanisms in place to enable the delivery of full services under the contract target operating model are defined as mobilisation costs. These costs are included within trade and other receivables on the balance sheet provided that the costs relate directly to the contract, are separately identifiable, can be measured reliably and that the future net cash inflows from the contract are estimated to be no less than the amounts capitalised. Such costs may be incurred when a contract is awarded, or when there is a subsequent change in the scope of contracted services. The mobilisation costs are amortised over the contracted period (including any contracted extension periods), generally on a straight-line basis, or on a basis to reflect the profile of work to be performed over the contracted period if the straight-line basis is not considered to be appropriate for the specific contract to which the costs relate. If the contract becomes loss making, any unamortised costs are written off and the expected loss is provided for immediately.

Leasing
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Any lease incentives are amortised on a straight-line basis over the non-cancellable period for which the Company has contracted to lease the asset, together with any further terms for which the Company has the option to continue to lease the asset if, at the inception of the lease, it is judged to be reasonably certain that the Company will exercise the option.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

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 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.

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 upon tax rates and legislation that have been enacted or substantively 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 directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when: there is a legally enforceable right to set off current tax assets against current tax liabilities; 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. The adoption of the changes set out below has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception.*
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations.*
- Amendments to IAS 1 *Disclosure Initiative.*
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation.*
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants.*
- Amendments to IAS 27 *Equity Method in Separate Financial Statements.*
- Amendments to IFRSs included in the *Annual Improvements to IFRSs 2012-2014 Cycle.*

New standards not yet adopted

The Company has taken the exemption available under FRS101 in respect of not disclosing the impact of new standards that are not yet in effect except for the following:

IFRS 15 introduces a new revenue recognition model and is due to be effective for periods beginning on or after 1 January 2018. It will have a material impact on the reported assets, liabilities and profit and loss account of the Company. The Company is conducting a detailed review of IFRS 15 with the view to early adopting the standard for the year ending 31 March 2018.
The review of the impact of IFRS 15 is continuing and will be completed during 2017. The key impacts identified to date are:

Percentage of completion accounting on long term complex contracts – under the 5 step model for revenue recognition introduced by IFRS 15 this method of accounting is no longer considered applicable to integrated complex contracts. Therefore it will not be appropriate to carry forward accrued revenue in relation to percentage of completion accounting on these complex integrated contracts. As at 31 March 2017 this balance was £nil.

Mobilisation costs – under IFRS 15 costs of mobilising new contracts will have to meet different criteria in order to be classified as a cost of fulfilling a contract. This change will materially affect both (i) the amount of costs capitalised on complex integrated contracts that have been accounted for under the percentage of completion method and (ii) the amount of costs that have been capitalised previously as mobilisation costs.

IFRS 16 'Leases' will require nearly all leases to be recognised on the balance sheet as liabilities with corresponding assets being created, and will be effective for periods beginning on or after 1 January 2019.
Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

Notes *(continued)*

2 Explanation of prior year restatement

During the year there was an apparent significant shortfall in the expected profitability of Mitie Group plc, the Company's ultimate parent company, for the year ended 31 March 2017. The Group appointed new executive directors in December and January and they immediately launched an accounting review process to provide confidence that all relevant accounting standards were appropriately reflected in the Group's financial reporting.

Following additional information becoming available, the Group review work has identified a number of prior year errors that, due to their materiality, require the restatement of the Company's results for the year ended 31 March 2016, as well as the consolidated balance sheet positions as at 31 March 2016 and at 31 March 2015. These errors are outlined below.

Under-accrual of costs
A number of under-accruals, or under-provisions, of various categories of costs have been identified in relation to prior years. These costs have now been written off to the profit and loss account in the relevant years and were incurred in relation to employee bonuses that were paid during the years ended 31 March 2016 and 31 March 2017 but related to the financial years ended 31 March 2015 and 31 March 2016 totalling £435,000 (2015: £nil and 2016: £435,000).

Overstatement of trade receivables and accrued income
Certain revenue recognition polices relating to the inclusion of disputed items in project revenues, the deferral in recognition of commercial claims and the recognition of profit margins on accrued income balances were not applied correctly, resulting in an over statement of trade receivables and accrued income at 31 March 2015 (£nil) and 31 March 2016 of £1,000,000.

The tax impacts of these adjustments were credits to the profit and loss account of £nil in 2015 and £287,000 in 2016.

An explanation of how the prior year restatement has affected the Company's financial position and financial performance is set out in the following tables.

Notes *(continued)*

2 Explanation of prior year restatement *(continued)*

Reconciliation of equity

	Note	31 March 2015 2015 as previously reported £000	Prior year adjustment £000	2015 restated £000	31 March 2016 2016 as previously reported £000	Prior year adjustment £000	2016 restated £000
Fixed assets							
Goodwill	*12*	5,849	-	5,849	5,849	-	5,849
Tangible fixed assets	*13*	313	-	313	559	-	559
Investments	*14*	3	-	3	3	-	3
		6,165	-	6,165	6,411	-	6,411
Current assets							
Stocks	*15*	328	-	328	362	-	362
Trade debtors	*16*	35,715	-	35,715	36,094	(1,000)	35,094
Amounts owed by group undertakings	*16*	8,776	-	8,776	8,302	-	8,302
Mobilisation costs	*16*	-	-	-	-	5,591	5,591
Other debtors	*16*	465	-	465	5,777	(5,704)	73
Deferred tax asset	*16*	440	-	440	311	-	311
Prepayments	*16*	24,576	-	24,576	19,931	(19,608)	323
Interest receivable	*16*	-	-	-	-	288	288
Accrued income	*16*	-	-	-	-	19,433	19,433
Cash at bank and in hand		46,229	-	46,229	34,068	-	34,068
		116,529	-	116,529	104,845	(1,000)	103,845
Creditors: amounts due within one year	*17*						
Trade creditors		(55,995)	-	(55,995)	(43,168)	16,029	(27,139)
Amounts owed to group undertakings		(37,015)	-	(37,015)	(36,598)	151	(36,447)
Taxation and social security		(10,076)	-	(10,076)	(8,349)	159	(8,190)
Other creditors		(2,044)	-	(2,044)	(1,215)	439	(776)
Corporation tax		-	-	-	-	(873)	(873)
Interest payable		-	-	-	-	(151)	(151)
Accruals and deferred income		(926)	-	(926)	(1,238)	(15,902)	(17,140)
		(106,056)	-	(106,056)	(90,568)	(148)	(90,716)

Notes *(continued)*

2 Explanation of prior year restatement *(continued)*

		2015 as previously reported £000	Prior year restatement £000	2015 restated £000	2016 as previously reported £000	Prior year restatement £000	2016 restated £000
Net current assets		10,473	-	10,473	14,277	(1,148)	13,129
Total assets less current liabilities		16,638	-	16,638	20,688	(1,148)	19,540
Net assets		16,638	-	16,638	20,688	(1,148)	19,540
Capital and reserves	*21*						
Called up share capital		3,600	-	3,600	3,600	-	3,600
Profit and loss account		13,038	-	13,038	17,088	(1,148)	15,940
Shareholders' equity		16,638	-	16,638	20,688	(1,148)	19,540

Reconciliation of profit

	Note	2016 as previously reported £000	Prior year adjustment £000	2016 restated £000
Turnover	*4*	281,368	(1,000)	280,368
Cost of sales		(225,086)	-	(225,086)
Gross profit		56,282	(1,000)	55,282
Administrative expenses	*5*	(45,145)	(435)	(45,580)
Other operating income	*5*	10	-	10
Operating profit		11,147	(1,435)	9,712
Income from joint ventures and associates	*8*	661	-	661
Other interest receivable and similar income	*9*	1,355	-	1,355
Waiver of associate company balance		(86)	-	(86)
Interest payable and similar expenses	*10*	(600)	-	(600)
Profit on ordinary activities before taxation		12,477	(1,435)	11,042
Tax on profit on ordinary activities	*11*	(2,647)	287	(2,360)
Profit for the financial year		9,830	(1,148)	8,682

Notes *(continued)*

3 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant.

Critical accounting judgements in applying the Company's accounting policies
In the process of applying the Company's accounting policies, which are described in note 1 above, management has made no critical accounting judgements that are considered to have a significant effect 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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

Measurement and impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which the goodwill has been allocated. The value in use calculation involves an estimation of the future cash flows of CGUs and also the selection of appropriate discount rates to use in order to calculate present values. The carrying value of goodwill is £5,849,000 (2016: £5,849,000) at the balance sheet date; see note 12. A sensitivity analysis has been performed and management have concluded that no reasonably foreseeable change in the key assumptions would result in an impairment of the goodwill of any of the company's CGUs.

Provisions
The Company is from time to time, party to claims that are in the ordinary course of business. Judgements are required to assess whether these claims are probable and the liability can be reasonably estimated, resulting in a provision.

Provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of liabilities, judgement is applied and re-evaluated at each reporting date. The Company recognised provisions at 31 March 2017 of £549,000 (2016: £nil). Further details are included in note 19.

4 Turnover

The Company derives all of its turnover from the provision of services to customers based in the UK.

5 Expenses and auditor's remuneration

Included in (loss)/profit are the following:

	2017 £000	2016 £000
(Gain)/loss on disposal of tangible fixed assets	**(6)**	10

Auditor's remuneration:

	2017 £000	2016 £000
Audit of these financial statements	**83**	86

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Operations	**1,448**	1,610
Administration	**589**	603
	2,037	2,213

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	**57,877**	61,896
Share based payments (See note 20)	**254**	300
Social security costs	**5,252**	5,624
Termination and redundancy payments	**636**	368
Contributions to pension plans	**1,602**	1,794
	65,621	69,982

Notes *(continued)*

7 Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	**636**	505
Amounts receivable under long term incentive schemes	**89**	-
Company contributions to money purchase pension plans	**67**	90
Compensation for loss of office	**35**	-

In respect of the highest paid Director:

	2017 £000	2016 £000
Emoluments and amounts receivable under long term incentive schemes	**198**	130
Money purchase pension contributions	-	24

	Number of Directors 2017	2016
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**3**	4
Defined benefit schemes	**1**	1
The number of Directors who exercised share options was	**4**	-
The number of Directors in respect of whose services shares were received or receivable under long term incentive schemes was	**2**	-

The following Directors are 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	**Remunerated by**	**Disclosed by**
D Gibson	Mitie Group plc	Mitie Technical Facilities Management Limited
J Ridley	Mitie Property Management Limited	Mitie Property Management Limited
J S Sheridan	Mitie Facilities Services Limited	Mitie Facilities Services Limited

Notes *(continued)*

8 Income from other fixed asset investments

	2017 £000	2016 £000
Other income from joint ventures	**566**	661
	566	661

9 Other interest receivable and similar income

	2017 £000	2016 £000
Interest receivable and similar from Group undertakings	**1,001**	1,355
Total interest receivable and similar income	**1,001**	1,355

10 Interest payable and similar expenses

	2017 £000	2016 £000
Interest payable to Group undertakings	**515**	600
Total other interest payable and similar expenses	**515**	600

Notes *(continued)*

11 Taxation

Analysis of (credit)/charge in the year	**2017 £000**	2016 £000
UK corporation tax at *20%* (2016: 20%)		
Current tax on income for the year	**(2,152)**	2,242
Adjustments in respect of prior periods	**42**	3
Total current tax	**(2,110)**	2,245
Deferred tax (see note 18)		
Origination and reversal of temporary timing differences	**(31)**	66
Reduction in statutory tax rate	**17**	36
Adjustments in respect of prior periods	**88**	13
Total deferred tax	**74**	115
Tax on (loss)/profit on ordinary activities	**(2,036)**	2,360

Tax recognised in other comprehensive income	**2017 £000**	2016 £000
Relief in respect of employee share options	**-**	4
	-	4

Notes *(continued)*

11 Taxation *(continued)*

Tax recognised directly in equity	2017 £000	Restated 2016 £000
Current tax recognised directly in equity	(1)	2,245
Deferred tax recognised directly in equity	10	115
Total tax recognised directly in equity	9	2,360

Reconciliation of effective tax rate	2017 £000	Restated 2016 £000
(Loss)/Profit for the year	(9,365)	8,682
Total tax (credit)/expense	(2,036)	2,360
(Loss)/Profit excluding taxation	(11,401)	11,042
Tax using the UK corporation tax rate of 20% (2016: 20%)	(2,280)	2,208
Reduction in statutory tax rate on deferred tax balances	17	36
Expenses not deductible for tax purposes	40	44
Relief in respect of employee share options	57	56
Adjustments in respect of prior periods	130	16
Total tax (credit)/expense	(2,036)	2,360

The main rate of corporation tax was 20% until 1 April 2017 when it reduced to 19%, remaining at this level until a further reduction to 17% from 1 April 2020. These rates have been used to calculate the deferred tax balance as they were substantively enacted at the balance sheet date.

Notes *(continued)*

12 Goodwill

	£000
Cost	
Balance at 1 April 2016	6,578
Balance at 31 March 2017	6,578
Amortisation and impairment	
Balance at 1 April 2016	729
Balance at 31 March 2017	729
Net book value	
At 1 April 2016	5,849
At 31 March 2017	**5,849**

13 Tangible fixed assets

	Plant, machinery and office equipment £000	Motor vehicles £000	Total £000
Cost			
Balance at 1 April 2016	2,205	201	2,406
Additions	219	35	254
Disposals	(557)	(55)	(612)
Balance at 31 March 2017	**1,867**	**181**	**2,048**
Depreciation and impairment			
Balance at 1 April 2016	1,802	45	1,847
Depreciation charge for the year	181	51	232
Disposals	(557)	(27)	(584)
Balance at 31 March 2017	**1,426**	**69**	**1,495**
Net book value			
At 1 April 2016	403	156	559
At 31 March 2017	**441**	**112**	**553**

Notes *(continued)*

14 Fixed asset investments

The Company has the following investments in a joint venture

	Participating interests £000
Cost	
At beginning of year	3
At end of year	3
Net book value	
At 31 March 2017	**3**
At 31 March 2016	3

	Country of Incorporation	Class of shares held	Ownership 2017	2016
Pyramid Plus LLP	England and Wales	Ordinary	**30%**	30%

The registered office of Pyramid Plus LLP is The Point, 37 North Wharf Road, London, W2 1BD.

15 Stocks

	2017 £000	2016 £000
Raw materials and consumables	**502**	362
	502	362

Notes *(continued)*

16 Debtors

	2017 £000	Restated 2016 £000
Trade debtors	**25,940**	35,094
Mobilisation costs	**3,921**	5,591
Amounts owed by Group undertakings	**7,777**	8,302
Other debtors	**723**	73
Deferred tax assets (see note 18)	**225**	311
Interest receivable	**102**	288
Prepayments	**596**	323
Accrued income	**14,263**	19,433
Corporation tax	**2,980**	-
Total	**56,527**	69,415
Due within one year	**56,302**	69,104
Due after more than one year	**225**	311

In the opinion of the Directors, the fair value does not materially differ from the carrying value.

Amounts due from Group undertakings are repayable on demand and bear no interest.

At 31 March 2017 trade debtors include retentions of £1,995,000 (2016: £2,902,000) relating to construction contracts in progress.

17 Creditors: amounts falling due within one year

	2017 £000	Restated 2016 £000
Trade creditors	**27,988**	27,139
Amounts owed to Group undertakings	**38,383**	36,447
Taxation and social security	**7,602**	8,190
Corporation tax	**-**	873
Other creditors	**751**	776
Accruals and deferred income	**17,162**	17,140
Interest payable	**30**	151
	91,916	90,716

In the opinion of the Directors, the fair value does not materially differ from the carrying value.

Amounts due to Group undertakings are repayable on demand and bear no interest.

Notes *(continued)*

18 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	2016 £000
Tangible fixed assets	**161**	132
Share-based payments	**31**	53
Provisions	**33**	-
Other	**-**	126
Net tax assets	**225**	311

Movement in deferred tax during the year

	1 April 2016 £000	Recognised in income £000	Recognised in equity £000	31 March 2017 £000
Total	311	(76)	(10)	**225**

Movement in deferred tax during the prior year

	1 April 2015 £000	Recognised in income £000	Recognised in equity £000	31 March 2016 £000
Total	440	(133)	4	311

The UK Government announced reductions in the UK corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020, which have been substantively enacted.

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 credit.

Notes (continued)

19 Provisions

	Insurance Excess Liability £000	Total £000
Balance at 1 April 2016	-	-
Provisions made during the year	549	549
Balance at 31 March 2017	**549**	**549**
Current provisions	549	549
Non-current provisions	-	-
	549	549

Provisions relate to legal costs and onerous contract provisions.

20 Share based payments

The Mitie Group operates five equity-settled share option schemes, involving ordinary 2.5p shares in Mitie Group plc, which are open to employees of the Company. Full details of the schemes are given in the annual report of Mitie Group plc. The main terms of each scheme are as follows:

Discretionary schemes

Mitie Group plc long term incentive plan

Awards of shares or rights to acquire shares with an exercise price of nil and a vesting period of 3 - 5 years. Awards may be forfeited if the employee leaves the Group. Performance conditions must be satisfied which are based on movements in a range of market and non-market conditions.

Mitie Group plc executive share option scheme

The right to acquire shares at a predetermined price following a vesting period of three years. Options may be forfeit if the employee leaves the Group. Before options can be exercised, a performance condition, linked to growth in earnings per share, must be satisfied.

Conditional share plan

Awards of shares or rights to acquire shares with an exercise price of nil and a vesting period of 1 - 2 years. Awards may be forfeited if the employee leaves the Group.

Notes *(continued)*

20 Share based payments *(continued)*

Non-discretionary schemes

Mitie Group plc SAYE scheme

The right to acquire shares at a predetermined price if the employee saves a regular amount over a three year period. Options must be exercised within six months of the date of vesting. Options may be forfeited if the employee leaves the Group.

Share incentive plan

Employees are invited to invest in Partnership shares which are purchased in the market on their behalf and held in a UK employee benefit trust. One Matching share is awarded for every ten Partnership shares purchased. Matching shares may be forfeited if the employee disposes of the Partnership shares within three years of purchase.

	2017	2016
Weighted average share price at date of exercise	**224p**	313p
Options outstanding prices	**201p to 319p**	191p to 319p
Weighted average remaining contractual life	**4 years**	4 years

The options outstanding at 31 March 2017 had exercise prices ranging from 201p to 319p (2016: 191p to 319p). During the year, options were granted in May, July, November, December and January. In 2016, options were granted in May, July and August 2015.

21 Capital and reserves

Share capital	**2017**	2016
	£000	£000
Ordinary Shares		
600,000 A Ordinary shares at £1 each	**600**	600
3,000,000 B Ordinary shares at £1 each	**3,000**	3,000
	3,600	3,600

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Profit and loss account

The profit and loss account comprises the retained earnings and losses of the Company, less amounts distributed to the Company's shareholder.

Dividend

The following dividends were recognised during the year:

	2017	2016
	£000	£000
£3.51 (2016: £1.69) per qualifying A ordinary share	**2,104**	6,075
£3.51 (2016: £1.69) per qualifying B ordinary share	**10,518**	-
	12,622	6,075

Dividends were approved and paid in September 2016.

Notes *(continued)*

21 Capital and reserves *(continued)*

- **Other comprehensive income - Current year**

	Total Other comprehensive income £000
Other comprehensive income	
Income tax on other comprehensive income	-
Total other comprehensive income	-

- **Other comprehensive income - Comparative**

	Total other comprehensive (loss)/income £000
Other comprehensive income	
Income tax on other comprehensive income	4
Total other comprehensive income	4

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	**773**	746
Between one and five years	**2,181**	1,868
More than five years	**1,256**	1,661
	4,210	4,275

The Company leases a number of properties under operating leases.

During the year, £865,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016:£888,000).

Notes *(continued)*

23 Commitments

Capital commitments

Commitments on behalf of Group undertakings

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

	2017 £000	2016 £000
Overall commitment	**309,325**	281,867

Performance bonds

The Company has outstanding performance bonds as follows:

	2017 £'000	2016 £'000
Performance bonds	**3,302**	2,866

24 Related parties

Related parties with which the Company has transacted

Under FRS 101 the Company is exempt from disclosing key management personnel compensation and transactions with other companies wholly owned by Mitie Group plc. Other related party transactions are disclosed below:

	Sales to 2017 £000	2016 £000	Purchases from 2017 £000	2016 £000
Associates	-	3,554	-	399
Subsidiaries and fellow subsidiaries of Mitie Group plc	**24**	-	-	-
	24	3,554	-	399

Notes *(continued)*

24 Related parties *(continued)*

	Receivables outstanding 2017 £000	2016 £000	Creditors outstanding 2017 £000	2016 £000
Subsidiaries and fellow subsidiaries of Mitie Group plc	-	-	10	-
Associates	-	1,147	-	84
	-	1,147	10	84

All inter-company balances are unsecured; trading balances are payable within 30 days unless both parties agree an extension, funding balances are repayable on demand.

The company is a participant in the Mitie Group plc Pension Scheme, a defined benefit scheme; the contributions payable under the scheme are apportioned to the Company on the basis of the percentage of pensionable payroll determined, by the scheme actuaries, for the scheme as a whole. The contributions payable to the scheme were £318,000 (2016: £396,000); £24,000 of this amount was payable to the scheme at 31 March 2017 (2016: £33,000) Full details of the scheme are set out in the Annual Report and Accounts of Mitie Group plc.

25 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Mitie Group plc which is the immediate parent company and is incorporated in Scotland. The ultimate controlling party is Mitie Group plc, a company incorporated in Scotland with its registered office at 1 Harlequin Office Park, Fieldfare, Emersons Green, Bristol, South Gloucestershire BS16 7FN. 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 the registered office or from www.mitie.com.