

Company registration number: 02935593

**Mitie Property Services (UK) Limited**

**Annual Report and Financial Statements**

**For the year ended 31 March 2015**

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**Mitie Property Services (UK) Limited**  
**Company information**

**02935593**

**Directors**

W Robson  
J Ridley  
C Boath  
M Bishop  
P Griffin  
R McGregor-Smith  
S Baxter  
M Cox  
K Robson

**Secretary**

Mitie Company Secretarial Services Limited

**Registered office**

1 Harlequin Office Park  
Fieldfare  
Emersons Green  
Bristol  
England  
BS16 7FN

**Auditor**

Deloitte LLP  
London

The directors, in preparing this strategic report, have complied with s414C 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.

Turnover decreased by £21M (7.1%) compared to the previous year with gross profit decreasing by 1% to 18% compared to the prior year. The reduction in turnover is a result of a strategic decision to transfer the Commercial project and Fire Protection businesses to another division within the Mitie group. Last year these businesses contributed £27.59m of revenue. The balance sheet shows that the company's financial position at the year end, in net asset terms, has decreased compared to the prior year by £3M due to the extraction of a dividend.

**Key performance indicators**

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

**Principal risks and uncertainties**

The Company is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. The directors have reviewed the financial risk management objectives and policies of the Company in the light of the Group Risk Framework. The directors do not believe there to be any other significant risks.

**Financial risk management**

The 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.

**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:

W Robson  
Director  
30 June 2015



The directors present the annual report and audited financial statements of Mitie Property Services (UK) Limited ("the Company") for the year ended 31 March 2015.

**Dividends**

Dividends for each share class were declared as follows:

A Ordinary: £3.61 per share (2014: £2.66 per share)

B Ordinary: £3.61 per share (2014: £2.66 per share)

**Going Concern**

The directors have considered the forecast results and associated cash flows for the foreseeable future, being the period not less than 12 months from the date of signing of these financial statements. The directors have considered the facilities available to the Company and believe that they can operate within the facilities available for the period of the cash flow forecast.

Accordingly, the directors consider it appropriate to adopt the going concern basis in the preparation of the Company's financial statements.

**Payment of creditors**

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

**Environment**

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

**Employees**

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

**Employee diversity and inclusion**

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

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

**Directors**

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

	<b>Date of appointment</b>	<b>Date of resignation</b>
W Robson	-	-
J Ridley	-	-
C Boath	-	-
M Bishop	01/02/2015	-
P Griffin	-	-
R McGregor-Smith	-	-
S Baxter		
A Morton		01/04/2015
M Cox	01/02/2015	
K Robson	01/02/2015	

**Post balance sheet events**

Information relating to events occurring after the balance sheet date is disclosed in the strategic report.

**Disclosure of information to the auditor**

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

- so far as he/she is aware, there is no relevant audit information (being information required by the auditor in the preparation of their report) of which the Company's auditor is unaware; and
- he/she has each 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 such information.

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

**Appointment of auditor**

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

**Directors' report (continued)**

**Directors' responsibilities statement**

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

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company, safeguarding the assets, taking reasonable steps for the prevention and detection of fraud and other irregularities, and the preparation of a Directors' report which complies with the relevant requirements of the Companies Act 2006.



W Robson  
Director  
30 June 2015

## **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 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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



## **Independent auditor's report to the members of 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.



**Colin Hudson (Senior statutory auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
30 June 2015

**Mitie Property Services (UK) Limited**  
**Profit and loss account**  
**For the year ended 31 March 2015**

**02935593**

	<b>Note</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Turnover</b>	<b>1</b>	274,009	295,092
Cost of sales		(223,609)	(238,693)
		<hr/>	<hr/>
Gross profit		50,400	56,399
Administration expense		(41,659)	(45,877)
		<hr/>	<hr/>
<b>Operating profit</b>	<b>2</b>	8,741	10,522
Dividend income from joint ventures and associates		504	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before interest and taxation</b>		9,245	10,522
Interest receivable and similar income	5	1,236	1,053
Interest payable and similar charges	5	(487)	(339)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		9,994	11,236
Tax on profit on ordinary activities	6	(2,231)	(2,649)
		<hr/>	<hr/>
Profit for the financial year	15	7,763	8,587
		<hr/> <hr/>	<hr/> <hr/>

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

**Mitie Property Services (UK) Limited**  
**Statement of total recognised gains and losses**  
**For the year ended 31 March 2015**

**02935593**

	<b>Note</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Profit for the financial year		7,763	8,587
Actuarial gains/(losses) on defined benefit pension schemes	21	2,357	(2,237)
Deferred tax attributable to actuarial (gains)/losses		(495)	515
<b>Total recognised gains relating to the year</b>		<b>9,625</b>	<b>6,865</b>

**Mitie Property Services (UK) Limited**  
**Balance sheet**  
**As at 31 March 2015**

**02935593**

	<b>Note</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Fixed assets</b>			
Investments	8	3	3
Goodwill	9	5,532	5,849
Tangible assets	10	313	264
		<u>5,848</u>	<u>6,116</u>
<b>Current assets</b>			
Stocks	11	328	561
Debtors	12		
- due within one year		69,972	85,068
Cash at bank and in hand		46,229	33,674
		<u>116,529</u>	<u>119,303</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(106,056)</u>	<u>(103,778)</u>
<b>Net current assets</b>		<u>10,473</u>	<u>15,525</u>
<b>Total assets less current liabilities</b>		<u>16,321</u>	<u>21,641</u>
<b>Net assets excluding pension asset/(liability)</b>		<u>16,321</u>	<u>21,641</u>
Pension (asset/(liability))	21	-	(2,282)
<b>Net assets</b>		<u><u>16,321</u></u>	<u><u>19,359</u></u>
<b>Share capital and reserves</b>			
Called up share capital	14	3,600	3,600
Profit and loss account	15	12,721	15,759
<b>Shareholder's funds</b>	16	<u><u>16,321</u></u>	<u><u>19,359</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2015  
Signed on its behalf by:

W Robson  
Director



**Mitie Property Services (UK) Limited**  
**Cash flow statement**  
**For the year ended 31 March 2015**

**02935593**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flow from continuing operating activities</b>		
Operating profit	8,741	10,522
Depreciation charge	138	143
Goodwill amortisation	317	318
Decrease/(increase) in stocks	233	(136)
Decrease in debtors	26,899	820
(Decrease)/increase in creditors	(10,932)	2,621
Other non-cash changes	410	168
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>25,806</b>	<b>14,456</b>
Dividends received from joint ventures	504	-
<b>Returns on investment and servicing of finance</b>		
Net interest received	738	731
	<hr/>	<hr/>
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>1,242</b>	<b>731</b>
<b>Taxation</b>	<b>(1,304)</b>	<b>(3,529)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(199)	(134)
Sales of tangible fixed assets	10	4
	<hr/>	<hr/>
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(189)</b>	<b>(130)</b>
<b>Equity dividends paid to shareholders</b>	<b>(13,000)</b>	<b>(9,572)</b>
	<hr/>	<hr/>
<b>Net cash inflow before use of liquid resources and financing</b>	<b>12,555</b>	<b>1,956</b>
<b>Management of liquid resources</b>		
Purchase of current asset investments	-	(3)
	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from management of liquid resources</b>	<b>-</b>	<b>(3)</b>

**Mitie Property Services (UK) Limited**  
**Cash flow statement (continued)**  
**For the year ended 31 March 2015**

**02935593**

<b>Increase in net cash</b>	<u>12,555</u>	<u>1,953</u>
<b>Reconciliation to net cash</b>		
Net cash at start of year	33,674	31,721-
Increase in net cash	<u>12,555</u>	<u>1,953</u>
<b>Net cash at end of year</b>	<u>46,229</u>	<u>33,674</u>

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

**1. Accounting policies**

The financial statements of the Company have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

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

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

***Turnover***

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

Turnover is recognised as services are delivered.

Turnover from a contract to provide services is recognised by reference to the state of completion of the contract at the balance sheet date. Turnover from time and materials contracts is recognised at the contractual rates as labour hours and tasks are delivered and direct expenses incurred. In other cases, where services provided reflect a contractual arrangement to deliver an indeterminate number of acts over the contract term, turnover is recognised on a straight-line basis unless this is not an accurate reflection of the work performed. In such instances, 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.

**1. Accounting policies (continued)**

***Operating leases***

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

***Pension costs***

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

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

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Where the scheme is fully funded no asset or liability is recognised in the balance sheet.

***Taxation***

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

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



**1. Accounting policies (continued)**

***Share-based payments***

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.

***Investments***

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

***Goodwill***

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

***Tangible fixed assets and depreciation***

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

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

***Stock***

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

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

***Long-term contracts***

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

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

**2. Operating profit**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is stated after charging/(crediting)</b>		
Depreciation of tangible fixed assets:		
owned	138	143
Redundancy costs	400	709
Loss on disposal of tangible fixed assets	2	3
Amortisation of goodwill	317	318
Operating lease rentals:		
other	640	722
Fees payable to the Company's auditor for the audit of the Company's financial statements	82	86
	<u>          </u>	<u>          </u>

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

**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**

**02935593**

**3. Employees**

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

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Operations	1,647	1,955
Administration	563	632
	<u>2,210</u>	<u>2,587</u>

***Employment cost***

	<b>£'000</b>	<b>£'000</b>
Wages and salaries	60,619	64,041
Social security costs	5,573	5,917
Other pension costs	1,516	1,654
Share-based payments	337	163
	<u>68,045</u>	<u>71,775</u>

**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**

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**4. Directors**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
The emoluments of the directors of the Company were:		
- Aggregate emoluments	289	320
- Aggregate value of contributions paid to a money purchase pension scheme	56	82
	<u>345</u>	<u>402</u>

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
The number of directors who:		
- Were members of a defined benefit pension scheme	1	1
- Were members of a defined contribution pension scheme	4	2
	<u>5</u>	<u>3</u>

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Highest paid director:		
- Aggregate emoluments	130	130
- Aggregate value of contributions paid to a money purchase pension scheme	14	24
	<u>144</u>	<u>154</u>

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

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

<b>Director</b>	<b>Remunerated by</b>
W Robson	Mitie Group plc
J Ridley	Mitie Property Management Limited
R McGregor-Smith	Mitie Group plc
S Baxter	Mitie Group plc

**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**

**02935593**

**5. Interest**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b><i>Interest receivable and similar income</i></b>		
Bank interest	1,236	1,053
	<u>1,236</u>	<u>1,053</u>
<b><i>Interest payable and similar charges</i></b>		
Bank interest	487	339
	<u>487</u>	<u>339</u>

**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**

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**6. Tax on profit on ordinary activities**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
United Kingdom corporation tax 21% (2014: 23%)	2,265	2,706
Adjustment in respect of prior years	(9)	(152)
	<hr/>	<hr/>
Total current tax (Note 6(b))	2,256	2,554
Deferred taxation:		
Timing differences - origination and reversal	(65)	13
Adjustment in respect of prior years	40	82
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>2,231</u>	<u>2,649</u>

**(b) Factors affecting tax charge in the year**

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	9,994	11,236
	<hr/>	<hr/>
Tax at 21% (2014: 23%) thereon:	2,099	2,584
Expenses not deductible for tax purposes	88	97
Differences between capital allowances and depreciation	(23)	(28)
Relief in respect of employee share options	(22)	(104)
Other timing differences	123	157
Adjustments to tax charge in respect of prior years	(9)	(152)
	<hr/>	<hr/>
<b>Current tax charge for the year (Note 6(a))</b>	<u>2,256</u>	<u>2,554</u>

From 1 April, the main rate of corporation tax reduced to 20%. This rate has been used to calculate the deferred tax balance as it was substantively enacted at the balance sheet date. There are no further changes to the main rate of corporation tax.

**6. Tax on profit on ordinary activities (continued)**

	2015 £'000	2014 £'000
<i>The deferred tax balance comprises the following:</i>		
Depreciation in excess of capital allowances	161	189
Share-based payment timing difference	99	85
Other timing differences	180	636
	<hr/>	<hr/>
Total deferred tax asset	440	910
	<hr/>	<hr/>
Amount (credited)/charged to the profit and loss account in the year in relation to deferred tax	(25)	95
	<hr/>	<hr/>

**7. Dividends**

	2015 £'000	2014 £'000
The dividends approved and paid in the year were:		
A Ordinary shares	2,167	1,595
B Ordinary shares	10,833	7,977
	<hr/>	<hr/>
	13,000	9,572
	<hr/>	<hr/>

**8. Investments**

	2015 £'000	2014 £'000
At start of year	3	-
Additions	-	3
	<hr/>	<hr/>
At end of year	3	3
	<hr/>	<hr/>

The investments balance at 31 March 2015 represented a 30% interest in a joint venture with Pyramid Plus LLP for the repair, maintenance and refurbishment works of rented properties.

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

**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**

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**9. Goodwill**

	<b>£'000</b>
<b>Cost</b>	
At start of year	6,578
	<hr/>
At end of year	6,578
	<hr/>
<b>Amortisation</b>	
At start of year	729
Charge for the year	317
	<hr/>
At end of year	1,046
	<hr/>
<b>Net book value</b>	
At 31 March 2015	5,532
	<hr/> <hr/>
At 31 March 2014	5,849
	<hr/> <hr/>



**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**

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**10. Tangible assets**

	Plant and office equipment £'000	Motor vehicles £'000	Total £'000
<b><i>Cost or valuation</i></b>			
At start of year	2,410	133	2,543
Additions	177	22	199
Disposals	(624)	(61)	(685)
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>1,963</b>	<b>94</b>	<b>2,057</b>
	<hr/>	<hr/>	<hr/>
<b><i>Depreciation</i></b>			
At start of year	2,199	80	2,279
Charge for the year	116	22	138
Disposals	(624)	(49)	(673)
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>1,691</b>	<b>53</b>	<b>1,744</b>
	<hr/>	<hr/>	<hr/>
<b><i>Net book value</i></b>			
<b>At 31 March 2015</b>	<b>272</b>	<b>41</b>	<b>313</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2014</b>	<b>211</b>	<b>53</b>	<b>264</b>
	<hr/>	<hr/>	<hr/>

**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**

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**11. Stocks**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials	328	561
	<u>328</u>	<u>561</u>
	<u><u>328</u></u>	<u><u>561</u></u>

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

**12. Debtors**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Amounts falling due within one year:</i>		
Trade debtors	35,715	47,415
Amounts recoverable on contracts	24,269	25,988
Amounts owed by Group undertakings	8,776	9,808
Other debtors	465	312
Prepayments and accrued income	307	336
Corporation tax	-	299
Deferred tax asset	440	910
	<u>69,972</u>	<u>85,068</u>
	<u><u>69,972</u></u>	<u><u>85,068</u></u>

**13. Creditors: amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	55,995	57,467
Amounts owed to Group undertakings	37,015	35,845
Corporation tax	458	-
Other taxation and social security	9,618	6,490
Other creditors	2,044	1,859
Accruals and deferred income	926	2,117
	<u>106,056</u>	<u>103,778</u>
	<u><u>106,056</u></u>	<u><u>103,778</u></u>

**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**  
**14. Called up share capital**

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	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Allotted and called up share capital		
600,000 £1 A Ordinary	600	600
3,000,000 £1 B Ordinary	3,000	3,000
	<u>3,600</u>	<u>3,600</u>

**15. Reserves**

	<b>Profit and loss account</b>
	<b>2015</b>
	<b>£'000</b>
At start of year	15,759
Profit for the financial year	7,763
Dividends paid	(13,000)
Net actuarial gain on pension scheme	1,862
Capital contribution relating to share-based payments	337
	<u>12,721</u>
At end of year	<u>12,721</u>

**16. Reconciliation of movement in shareholder's funds**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	7,763	8,587
Dividends paid on equity shares	(13,000)	(9,572)
Net actuarial gain on pension scheme	1,862	(1,722)
Capital contribution relating to share-based payments	337	163
	<u>(3,038)</u>	<u>(2,544)</u>
Net reduction to shareholder's funds deficit		
Opening shareholders' funds	19,359	21,903
	<u>16,321</u>	<u>19,359</u>
Closing shareholders' funds		

**Mitie Property Services (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2015**

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**17. Analysis of changes in net cash**

	<b>At 1 April 2014 year £'000</b>	<b>Cash flow £'000</b>	<b>At 31 March 2015 year £'000</b>
Cash at bank and in hand	33,674	12,555	46,229
Net cash	33,674	12,555	46,229

**18. Financial commitments**

***Operating leases***

The Company has annual lease commitments under non-cancellable operating leases as detailed below:

	<b>2015 Land and buildings £'000</b>	<b>2014 Land and buildings £'000</b>
Expiry date:		
- in less than one year	129	-
- between two and five years	564	539
- after five years	-	124
	693	663

***Capital commitments***

The Company had the following capital commitments which were contracted at the year end but not provided for:

	<b>2015 £'000</b>	<b>2014 £'000</b>
- Other	61	139
	61	139

***Performance bonds***

The Company has outstanding performance bonds as follows:

	<b>2015 £'000</b>	<b>2014 £'000</b>
Performance bonds	3,732	3,806

**18. Financial commitments (continued)**

***Commitments on behalf of group undertakings***

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

	2015 £'000	2014 £'000
Overall commitment	277,517	262,834

**19. Share-based payments**

The Company participates in the following Mitie Group plc share option schemes:

***The Mitie Group plc 2011 Executive share option scheme***

The Executive Share Option Scheme exercise price is equal to the average market value of the shares on the business day preceding grant or, if the Remuneration Committee decided, the average market value of share over a number of preceding business days (not to exceed 20). The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the group. Before options can be exercised, a performance condition must be satisfied; the performance condition is linked to the percentage growth in earnings per share over a three-year period.

***The Mitie Group plc 2001 Savings Related share option scheme***

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

***The Mitie Group plc 2011 SAYE Scheme***

The SAYE scheme is open to all employees. The exercise price is not less than 80.0% of the market value of the shares determined using either: the share price preceding the date on which invitations to participate in the scheme are issued; or an average share price over five days preceding the invitation date. The vesting period is three years. If the options remain unexercised after a period of six months from the date of vesting, the options expire. Options may be forfeited if the employee leaves the group.

**19. Share-based payments (continued)**

***The Mitie Group plc Long Term Incentive Plan (LTIP)***

The LTIP was introduced in 2007. The awards of shares or rights to acquire shares (the awards) are offered to a small number of key senior management. Where offered as options the exercise price is nil. The vesting period is three years. If the awards remain unexercised after a period of four years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the group. Before the awards can be exercised, a performance condition must be satisfied which are based on movements in a range of market and non-market measures over a three year period.

***The Share Incentive Plan (SIP)***

The SIP was introduced in 2011 and is a non-discretionary scheme open to all eligible UK resident employees. Under the scheme, eligible 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 and has a holding period of three years. Matching Shares are funded by way of market purchases.

***The Conditional Share Plan (CSP)***

The CSP was introduced in 2014 and is a discretionary scheme. The awards of shares or the rights to acquire shares (the awards) are offered to a small number of key senior management. Where offered as options, the exercise price is nil. The vesting period is determined at the discretion of the Remuneration Committee and, for the 2014 scheme, is three years. If the awards remain unexercised after a period of ten years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the group.

**19. Share-based payments (continued)**

Details of the share options outstanding during the year are as follows:

	<b>2015</b>		<b>2014</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price (p)</b>	<b>Number of share options</b>	<b>Weighted average exercise price (p)</b>
Outstanding at beginning of the year	1,459,611	175	1,705,729	183
Granted	596,084	241	430,937	186
Forfeited	(272,286)	127	(190,873)	201
Transferred to group companies	(211,002)	152	(20,562)	183
Exercised	(138,599)	223	(465,620)	196
	<u>1,433,808</u>	<u>198</u>	<u>1,459,611</u>	<u>175</u>
Outstanding at end of the year	<u>1,433,808</u>	<u>198</u>	<u>1,459,611</u>	<u>175</u>
Exercisable at end of year	<u>134,867</u>	<u>230</u>	<u>154,075</u>	<u>220</u>

The Company recognised the following expense related to share-based payments:

	<b>2015 £'000</b>	<b>2014 £'000</b>
Discretionary share plans	239	156
Non-discretionary share plan	98	7
	<u>337</u>	<u>163</u>

	<b>2015</b>	<b>2014</b>
The weighted average share price at the date of exercise for share options exercised during the year was : (p)	309	-
The options outstanding at the year-end had a weighted average price of: (p)	198	175
The options outstanding at the year-end had a weighted average remaining contractual life of: (years)	<u>4</u>	<u>4</u>

The Company granted options under the following schemes in the year:

	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Fair value</b>		
Discretionary share plans	170	134
Non-discretionary share plans	<u>126</u>	<u>104</u>

**19. Share-based payments (continued)**

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

	<b>2015</b>	<b>2014</b>
<b><i>Black-Scholes</i></b>		
Share price (p)	219 - 313	219 - 274
Exercise price (p)	0 - 319	0 - 254
Expected volatility (%)	30 - 32	30 - 32
Expected life (years)	3 - 5	3 - 5
Risk-free rate (%)	0.55 - 1.48	0.55 - 1.48
Expected dividends (%)	3.5 - 4.1	3.5 - 4.1
<b><i>Monte-Carlo</i></b>		
Share price (p)	251 - 319	251
Average correlation with TSR benchmark (%)	29 - 32	32
Expected volatility (%)	21 - 24	24
Expected life (years)	3	3
Risk-free rate (%)	0.64 - 1.29	0.64
Expected dividends (%)	3.5 - 4.1	4.1

Expected volatility was based on historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

**20. Pension arrangements**

The Company participates in the Mitie Group plc Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. For the purposes of Financial Reporting Standard 17 ('Retirement Benefits'), the Company has been unable to identify its share of the underlying assets and liabilities in the main Group scheme on a consistent and reasonable basis. Therefore the Company is accounting for contributions to the scheme as if it were a defined contribution scheme. Note 36 to the Annual Report and Accounts of the Group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension deficit of £34.9 million (2014: deficit of £17 million).

Employer contributions to the scheme for the period are shown in note 17. The agreed contribution rate for employee and employer contributions for the next 12 months is 22.3% (2014: 18.5%).



**21. Pension liability**

***Other defined benefit schemes***

These valuations are updated by the actuaries, the related current service and past service costs were measured using the projected unit credit method. For Admitted Body Schemes, which are all part of the Local Government Pension Scheme, the Company will only participate for a finite period up to the end of the contracts. The Company is required to pay regular contributions as decided by the relevant Scheme Actuary and detailed in the Scheme's Schedule of Contributions.

The contributions made by the employer over the financial period were £62,000 (2014: £120,000).

Key assumptions used for FRS 17 valuation:	2015 %	2014 %
Discount rate	4.5	4.5
Expected return on scheme assets:		
- Equity instruments	7.5	7.5
- Debt instruments	4.0	4.0
- Property	7.0	7.0
- Other assets	2.5	2.5
Expected rate of salary increases	2.0	2.0
Future pension increases	3.4	3.4
Inflation (RPI)	2.4	2.4
Inflation (CPI)	3.4	3.4

The overall expected return on assets is calculated as the weighted average of the expected return of each asset class. The expected return on equities is the sum of dividend growth and capital growth net of investment expenses. The return on gilts and bonds is the current market yield on long term bonds. Expected return on property has been set equal to that expected on equities less a margin. The expected return on other assets is the rate earned by the scheme on cash.

**21. Pension liability (continued)**

Amounts recognised in administrative expenses in respect of these defined benefit schemes are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(85)	(160)
	<u>(85)</u>	<u>(160)</u>
	<u><u>(85)</u></u>	<u><u>(160)</u></u>

Amounts recognised in interest in respect of these defined benefit schemes are as follows:

	<b>£'000</b>	<b>£'000</b>
Interest cost	(233)	(182)
Expected return on scheme assets	181	177
	<u>(52)</u>	<u>(5)</u>
	<u><u>(52)</u></u>	<u><u>(5)</u></u>

Amounts recognised in the statement of total recognised gains and losses are as follows:

	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on scheme assets	(2,357)	2,237
	<u>(2,357)</u>	<u>2,237</u>
	<u><u>(2,357)</u></u>	<u><u>2,237</u></u>

**21. Pension liability (continued)**

The amounts included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit schemes are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	-	7,987
Present value of defined benefit obligations	-	(10,269)
	<hr/>	<hr/>
Surplus in the scheme	-	(2,282)
	<hr/>	<hr/>
Net pension liability	-	(2,282)
	<hr/>	<hr/>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of scheme assets</b>		
Equity instruments	-	4,553
Debt instruments	-	3,194
Other assets	-	240
	<hr/>	<hr/>
At 31 March 2015	-	7,987
	<hr/>	<hr/>

Movements in the present value of defined benefit obligations were as follows:

	<b>£'000</b>	<b>£'000</b>
At start of year	10,269	-
Service costs	85	160
Interest costs	233	182
Contributions from scheme members	23	45
Actuarial gains	637	-
Contract transfers	(11,247)	9,882
	<hr/>	<hr/>
At end of year	-	10,269
	<hr/>	<hr/>

**Mitie Property Services (UK) Limited**  
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**21. Pension liability (continued)**

Movements in the fair value of scheme assets were as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At start of year	7,987	-
Expected return on scheme assets	182	177
Actuarial gains	146	(134)
Contributions from scheme members	23	45
Contributions from sponsoring companies	62	120
Contract transfers	(8,400)	7,779
	<hr/>	<hr/>
At end of year	-	7,987
	<hr/>	<hr/>

The history of experience adjustments is as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	-	7,987	-	-	-
Present value of defined benefit obligations	-	(10,269)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit in scheme	-	(2,282)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience adjustments on scheme liabilities (£'000)	-	(134)	-	-	-
Percentage of scheme assets	-%	(2)%	-%	-%	-%

**22. Related party transactions**

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

Related party transactions are as follows:

Related Party	Nature of transaction	Transaction amount		Year/Period end balance	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Mitie Catering Services Limited	Sales	1	35	1	1
Mitie Technical Facilities Management Limited	Sales	1,590	6,171	640	155
Mitie Business Services Limited	Sales	-	1	-	-
Mitie Technical Facilities Management Limited	Purchases	545	668	374	1
Mitie Waste & Environmental Limited	Purchases	2	-	-	-

**23. Ultimate parent undertaking and controlling party**

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

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