Mitie Property Management Limited

Annual Report and Financial Statements

Registered number 03528320

31 March 2016

Contents

Company information

Directors

W Robson
J Ridley
R Robinson
A Lees

Secretary

Mitie Company Secretarial Services Limited

Registered office

1 Harlequin Office Park
Fieldfare
Emersons Green
Bristol
BS16 7FN

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Strategic report

Mitie Property Management 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 principal activity of the Company is the provision of management and administration services to certain fellow subsidiary undertakings. 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 9, the profit after tax was £198,431 (2015: loss of £527,000). This is as a result of a reduction in administartion costs in the year. The balance sheet shows that the company's financial position at the end of the year, in net asset terms, has increased.

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.

Strategic report *(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.

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.

Strategic report *(continued)*

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

29 July 2016

Directors' 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 directors, having assessed the responses of the directors of the company's ultimate parent Mitie 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 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**
W Robson	10/08/1998	-
J Ridley	10/08/1998	-
R Robinson	01/04/2007	-
A Lees	01/02/2012	-
R McGregor-Smith	03/07/2012	26/10/2015
S Baxter	03/07/2012	26/10/2015

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

	2016	2015
	£000	£000
Ordinary	-	357

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.

Directors' report *(continued)*

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will, therefore, continue in office.

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

W Robson

W Robson
Director

1 Harlequin Office Park
Fieldfare
Emersons Green
BS16 7FN

29 July 2016

Independent auditor's report to the members of Mitie Property Management Limited

We have audited the financial statements of Mitie Property Management Limited for the year ended 31 March 2016 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 21. 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, 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 2016 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 Management 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.

John Charlton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor
London
United Kingdom

29 July 2016

Profit and loss account

	Note	**2016 Total £000**	2015 Total £000
Administrative expenses	4	**(7,421)**	*(8,407)*
Other operating income	*3*	**7,652**	*7,588*
Operating profit/(loss)		**231**	(819)
Other interest receivable and similar income	*7*	**47**	136
Profit/(loss) on ordinary activities before taxation		**278**	(683)
Tax on profit/(loss) on ordinary activities	*8*	**(80)**	156
Profit/(loss) for the financial year		**198**	(527)

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

Other Comprehensive income

	Note	**2016 £000**	2015 £000
Profit/(loss) for the year		**198**	(527)
Income tax on items that are or may be reclassified subsequently to profit or loss	8	**(6)**	-
Other comprehensive (expense)/income for the year, net of income tax		**(6)**	-
Total comprehensive income/(expense) for the year		**192**	(527)

Balance sheet

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets			
Other intangibles	9	**330**	569
Tangible assets	10	**2,475**	1,355
		2,805	1,924
Current assets			
Debtors	11	**298**	686
Cash at bank and in hand	12	-	123
		298	809
Creditors: amounts falling due within one year	13	**(2,355)**	(2,263)
Net current liabilities		**(2,057)**	(1,454)
Total assets less current liabilities		**748**	470
Net assets		**748**	470
Capital and reserves			
Profit and loss account		**748**	470
Shareholders' funds		**748**	470

These financial statements were approved by the board of directors on 29 July 2016 and were signed on its behalf by:

W Robson
Director

Statement of changes in equity

	Profit and loss account £000	Total equity £000
Balance at 1 April 2014	1,601	1,601
Total comprehensive income for the year		
Loss	(527)	(527)
Transactions with owners, recorded directly in equity		
Equity-settled share based payment transactions	110	110
Dividends	(714)	(714)
Total contributions by and distributions to owners	(604)	(604)
Balance at 31 March 2015	470	470

	Profit and loss account £000	**Total equity £000**
Balance at 1 April 2015	**470**	**470**
Total comprehensive income for the year		
Profit	**198**	**198**
Other comprehensive expense (see note 16)	**(6)**	**(6)**
Total comprehensive income for the year	192	**192**
Transactions with owners, recorded directly in equity		
Equity-settled share based payment transactions	**86**	**86**
Total contributions by and distributions to owners	**86**	**86**
Balance at 31 March 2016	**748**	**748**

Notes

1 Accounting policies

Mitie Property Management Limited (the "Company") is incorporated in England and Wales and domiciled in the UK.

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")*. The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

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 adopted FRS 101 for the first time. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance of the Company is provided in note 20.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Share based payments - IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 1 April 2014.

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, and intangible assets
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

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;

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 and in preparing an opening FRS 101 balance sheet at 1 April 2014 for the purposes of the transition to FRS 101.

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 2.

The financial statements are prepared on the historical cost basis.

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:

- Short Leasehold improvements: 3-10 years
- Plant and office equipment: 3 - 10 years
- Motor vehicles: 4 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.

Intangible assets

Intangible assets identified in a business acquisition are capitalised at fair value as at the date of acquisition.

Software and development expenditure is capitalised as an intangible asset if the asset created can be identified, if it is probable that the asset created will generate future economic benefits and if the development cost of the asset can be measured reliably.

Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are reviewed for impairment annually, or more frequently when there is an indication that they may be impaired. Amortisation expense is charged to administrative expenses in the income statement on a straight-line basis over its useful life.

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.

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.

Leasing

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated life of the asset or the lease term.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

1 Accounting policies *(continued)*

Adopted IFRS not yet applied

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the company's financial statements for the year ended 31 March 2015 except for the following amendments, which were effective for the first time in the current period but had no impact on the results or financial position of the company:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010 -2012 Cycle : the majority of amendments are clarifications rather than substantive changes in existing requirements apart from amendments to IFRS 8 Operating Segments and IAS 24 Related Party Disclosures.

The following standards and interpretations have been issued but are not yet mandatorily effective (and in some cases have not yet been adopted by the EU) and have not been applied by the company:
FRS 9 'Financial Instruments';
Amendments to IFRS 11 'Joint Arrangements' – Accounting for Acquisitions of Interests in Joint Operations;
FRS 15 'Revenue from Contracts with Customers';
Amendments to IAS 27 'Separate Financial Statements' – Equity Method in Separate Financial Statements;
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 IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosures of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' – Investment Entities: Applying the Consolidation Exception;
Amendments to IAS 1 'Presentation of Financial Statements' – Disclosure Initiative; and
Amendments resulting from Annual Improvements to IFRSs 2012-2014 and 2013-2015 Cycle.

The company is conducting a review of IFRS 15 'Revenue from Contracts with Customers' which introduces a new revenue recognition model and is due to be effective for periods beginning on or after 1 January 2018. IFRS 16 'Leases' will require nearly all leases to be recognised on the balance sheet as liabilities with corresponding assets being created, it will be effective for periods beginning on or after 1 January 2019. The company will be assessing the likely impact of these new standards nearer the time of full adoption. The Directors do not anticipate that the adoption of other standards and interpretations that have been issued but are not yet effective (and in some cases have not yet been adopted by the EU) will have a material financial impact on the group's financial statements in the period of initial application.

Notes *(continued)*

2 Accounting estimates and judgements

Key sources of estimation uncertainty are as follows:

In the opinion of the directors ther are no critical judgements required in preparation of the financial statements for the current year.

3 Other operating income

	2016	2015
	£000	£000
Management fees	**7,652**	7,588
	7,652	7,588

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016	2015
	£000	£000
Gain on sale of fixed assets	**-**	(131)

Auditor's remuneration:

	2016	2015
	£000	£000
Audit of these financial statements	**(35)**	10

Notes *(continued)*

5 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	
	2016	2015
Administration	**72**	66
	72	66

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	**2,183**	2,402
Share based payments (See note 15)	**89**	133
Social security costs	**216**	258
Contributions to defined contribution plans	**215**	195
	2,703	2,988

6 Directors' remuneration

	2016	2015
	£000	£000
Directors' emoluments	**347**	343
Company contributions to money purchase pension plans	**14**	13

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	2
Defined benefit schemes	**1**	1
The number of directors who exercised share options was	**1**	1

In respect of the highest paid director:

	2016	2015
	£000	£000
Emoluments and amounts receivable under long term incentive schemes	**144**	166
Accrued pension under defined benefit pension scheme	**43**	40

Notes *(continued)*

7 Other interest receivable and similar income

	2016 £000	2015 £000
Total interest receivable and similar income	**47**	136

Interest receivable and similar income relates to bank interest from group undertakings of £47,378 *(2015: £135,804.)*

8 Taxation

Analysis of charge/(credit) in the year	2016 £000	2015 £000
UK corporation tax at *20%* (2015: 21%)		
Current tax on income for the period	**(4)**	(204)
Adjustments in respect of prior periods	**(56)**	28
Total current tax	**(60)**	(176)
Deferred tax (see note 14)		
Origination and reversal of temporary timing differences	**72**	45
Reduction in statutory tax rate	**16**	-
Recognition of previously unrecognised tax losses	**52**	(25)
Total deferred tax	**140**	20
Tax on profit/(loss) on ordinary activities	**80**	(156)

Tax recognised in other comprehensive income	2016 £000	2015 £000
Relief in respect of employee share options	**6**	-
	6	-

Notes *(continued)*

8 Taxation *(continued)*

Tax recognised directly in equity	**2016 £000**	2015 £000
Current tax recognised directly in equity	**(6)**	-
Deferred tax recognised directly in equity	**12**	-
Total tax recognised directly in equity	**6**	-

Reconciliation of effective tax rate	**2016 £000**	2015 £000
Profit/(loss) for the year	**198**	(527)
Total tax expense	**80**	(156)
Profit/(loss) excluding taxation	**278**	(683)
Tax using the UK corporation tax rate of 20% (2015: 21%)	**55**	(143)
Reduction in statutory tax rate on deferred tax balances	**17**	-
Expenses not deductible for tax purposes	**-**	1
Differences between capital allowances and depreciation	**-**	(69)
Relief in respect of employee share options	**12**	-
Other timing differences	**-**	27
Adjustments in respect of prior periods	**(4)**	28
Total tax expense/(income)	**80**	(156)

The main rate of corporation tax will remain at 20% until 1st April 2017 when it will reduce to 19%, remaining at this level until a further reduction to 18% from 1st 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)*

9 Intangible assets

	Software	Total
At 1 April 2015	**1,285**	**1,285**
At 31 March 2016	**1,285**	**1,285**
Amortisation		
At 1 April 2015	**716**	**716**
Charge for the year	**239**	**239**
At 31 March 2016	**955**	**955**
Net book value		
31 March 2016	**330**	**330**
At 1 April 2015	**569**	**569**

Intangibles are amortised over their estimated economic life.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

10 Tangible fixed assets

	Leasehold improvements £000	Plant and office equipment £000	Motor vehicles £000	Total £000
Cost				
Balance at 1 April 2015	92	1,956	71	2,119
Other acquisitions	3	1,291	-	1,294
Balance at 31 March 2016	95	3,247	71	3,413
Depreciation and Impairment				
Balance at 1 April 2015	59	667	38	764
Depreciation charge for the year	12	145	17	174
Balance at 31 March 2016	71	812	55	938
Net book value				
At 1 April 2015	33	1,289	33	1,355
At 31 March 2016	**24**	**2,435**	**16**	**2,475**

Notes *(continued)*

11 Debtors

	2016	2015
	£000	£000
Amounts owed by group undertakings	**63**	31
Other debtors	**66**	285
Deferred tax assets (see note 14)	**131**	283
Prepayments	**38**	87
Total	**298**	686
Due within one year	**298**	686

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

12 Cash and cash equivalents

	2016	2015
	£000	£000
Cash at bank and in hand	**-**	123

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

13 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Bank overdraft	**554**	-
Trade creditors	**130**	291
Amounts owed to group undertakings	**1,413**	1,413
Taxation and social security	**74**	72
Other creditors	**25**	24
Accruals and deferred income	**159**	463
	2,355	2,263

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

Notes *(continued)*

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £000	2015 £000	**Net 2016 £000**	2015 £000
Tangible fixed assets	**112**	211	**112**	211
Share-based payments	**16**	35	**16**	35
Other	**3**	37	**3**	37
Net tax assets	**131**	283	**131**	283

Movement in deferred tax during the year

	1 April 2015 £000	**Recognised in income £000**	**Recognised in equity £000**	**31 March 2016 £000**
Tangible fixed assets	211	(99)	-	**112**
Share-based payments	35	(7)	(12)	**16**
Other	37	(34)	-	**3**
	283	(140)	(12)	**131**

Movement in deferred tax during the prior year

	1 April 2014 £000	Recognised in income £000	Recognised in equity £000	31 March 2015 £000
Tangible fixed assets	287	(76)	-	211
Share-based payments	3	32	-	35
Other	13	24	-	37
	303	(20)	-	283

The Company has not recognised a deferred tax asset in respect of unutilised tax losses of £nil (2015: £nil).

The UK Government announced reductions in the UK corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020, which were substantively enacted on 26 October 2016.

The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those differences are expected to reverse has not had a material impact on the current year tax charge.

Notes *(continued)*

15 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.

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 purchase 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.

	2016	2015
Weighted average share price at date of exercise	317p	225p
Options outstanding prices	201p to 319p	285p to 230p
Weighted average remaining contractual life	5 years	5 years

The options outstanding at 31 March 2016 had exercise prices ranging from 201p to 319p (2015: 285p to 230p). During the year, options were granted in May, July and August 2015. In 2015, options were granted in May to September 2014.

Notes *(continued)*

16 Capital and reserves

Share capital	At start of year	At end of year	**2016 £000**	2015 £000
Ordinary Shares				
Ordinary shares at £1 each	2	2	-	-
	2	2	-	-

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.

Dividend

The following dividends were recognised during the period:

	2016 £000	2015 £000
£nil (2015: £357,130) per qualifying ordinary share	-	714
	-	714

- **Other comprehensive expense- Current year**

	Total Other comprehensive (loss) £000
Other comprehensive expense	
Income tax on other comprehensive income	**(6)-**
Total other comprehensive expense	**(6)**

- **Other comprehensive income - Comparative**

	Total other comprehensive (loss)/income £000
Total other comprehensive income	-

Notes *(continued)*

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£000	£000
Less than one year	20	18
	20	18

The Company has annual lease commitments under non-cancellable operting leases for property.
During the year, £30,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015:£30,000).

18 Commitments

Capital commitments
The company did not have any outstanding capital commitments that were not provided for at the year end of the current or prior year.

19 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	
	2016	2015
	£000	£000
Associates	3	-
	3	-

	Receivables outstanding	
	2016	2015
	£000	£000
Associates	3	-
	3	-

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.

Notes *(continued)*

19 Related parties *(continued)*

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 £89,442 (2015: £81,108); £89,442 of this amount was payable to the scheme at 31 March 2016 (2015: £81,108) Full details of the scheme are set out in the Annual Report and Accounts of Mitie Group plc.

20 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening FRS 101 balance sheet at 1 April 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

20 Explanation of transition to FRS 101 *(continued)*

Reconciliation of equity

	Note	1 April 2014 UK GAAP £000	1 April 2014 Effect of transition to FRS 101 £000	1 April 2014 FRS 101 £000	**31 March 2015 UK GAAP £000**	**31 March 2015 Effect of transition to FRS 101 £000**	**31 March 2015 FRS 101 £000**
Fixed assets							
Intangible assets	*9*	808	-	808	**569**	-	**569**
Tangible fixed assets	*10*	815	-	815	**1,355**	-	**1,355**
		1,623	-	1,623	**1,924**	-	**1,924**
Current assets							
Amounts owed by group undertakings		36	-	36	**31**	-	**31**
Other debtors		121	-	121	**285**	-	**285**
Deferred tax asset		303	-	303	**283**	-	**283**
Prepayments and accrued income		188	-	188	**87**	-	**87**
Cash at bank and in hand		2,662	-	2,662	**123**	-	**123**
		3,310	-	3,310	**809**	-	**809**
Creditors: amounts due within one year							
Trade creditors		(177)	-	(177)	**(291)**	-	**(291)**
Amounts owed to group undertakings		(2,210)	-	(2,210)	**(1,413)**	-	**(1,413)**
Taxation and social security		(460)	-	(460)	**(72)**	-	**(72)**
Other creditors		(14)	-	(14)	**(24)**	-	**(24)**
Accruals and deferred income		(471)	-	(471)	**(463)**	-	**(463)**
		(3,332)	-	(3,332)	**(2,263)**	-	**(2,263)**
Net current (liabilities)		(22)	-	(22)	**(1,454)**	-	**(1,454)**
Total assets less current liabilities		1,601	-	1,601	**470**	-	**470**
Net assets		1,601	-	1,601	**470**	-	**470**
Capital and reserves							
Profit and loss account		1,601	-	1,601	**470**	-	**470**
Shareholders' equity		1,601	-	1,601	**470**	-	**470**

Notes to the reconciliation of equity

a) There are no adjustments required following the transition to FRS 101

20 Explanation of transition to FRS 101 *(continued)*

Reconciliation of loss for 2015

	Note	UK GAAP £000	2015 Effect of transition to FRS 101 £000	FRS 101 £000
Administrative expenses		(8,407)	-	(8,407)
Other operating income		7,588	-	7,588
Operating profit		(819)	-	(819)
Other interest receivable and similar income		136	-	136
Loss on ordinary activities before taxation		(683)	-	(683)
Taxation		156	-	156
Tax on loss on ordinary activities		(527)	-	(527)
Loss for the year		(527)	-	(527)

Notes to the reconciliation of loss

a) There are no adjustments required following the transition to FRS 101.

21 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 incorporated in Scotland. The ultimate controlling party is Mitie Group plc, a company incorporated in Scotland. Mitie Group plc is the parent company of the largest and smalled 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 1 Harlequin Office Park, Fieldfare, Emersons Green, Bristol, South Gloucestershire, BS16 7FN, UK or from www.mitie.com.