

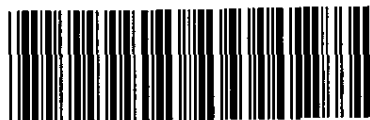
# **Utilyx Risk Management Limited**

Annual report and financial statements

Registered number 04999392

31 March 2022

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## **Company information**

### **Directors**

P J G Dickinson  
A Payne

### **Secretary**

Mitie Company Secretarial Services Limited

### **Registered office**

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

## Directors' report

The Directors present the annual report and unaudited financial statements of Utilyx Risk Management Limited (the "Company"), for the year ended 31 March 2022.

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

### Strategic report

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

### Review of the business

The principal activity of the Company is to provide advice to customers on managing risk through the use of financial instruments, however, the Company has not traded in the current and preceding year. The Company complies with the regulation set by the Financial Conduct Authority ("FCA"). There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 4, the Company's revenue was £nil (2021: £nil) and the loss for the year was £218 (2021: £26 profit).

### Going concern

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

### Directors

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

P J G Dickinson  
A Payne

### Directors' indemnity

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

### Dividends

No dividend was declared or paid during the year (2021: £nil).

### 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's requirement for additional funding is managed as part of the Group's financing arrangements.

### Future developments

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

### Subsequent events

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

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
BD886709D5F04BB  
**A Payne**  
Director

29 November 2022

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

The Directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

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

Utiyix Risk Management Limited  
Annual report and financial statements  
31 March 2022

## Income statement

	<i>Note</i>	<b>2022</b> £	<b>2021</b> £
Administrative expenses		<b>(240)</b>	-
<b>Operating loss</b>		<b>(240)</b>	-
Finance income	4	<b>32</b>	32
Finance costs	5	<b>(5)</b>	-
Net finance income		<b>27</b>	32
<b>(Loss)/profit before tax</b>		<b>(213)</b>	32
<b>Tax</b>	6	<b>(5)</b>	(6)
<b>(Loss)/profit for the year</b>		<b>(218)</b>	26

The notes on pages 7 to 13 form an integral part of the financial statements.

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

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

## Balance sheet

	Note	2022 £	2021 £
<b>Current assets</b>			
Trade and other receivables	7	4,367	4,367
Cash and cash equivalents		178,684	178,682
<b>Total current assets</b>		<b>183,051</b>	<b>183,049</b>
<b>Current liabilities</b>			
Trade and other payables	8	(215)	-
Current tax payable		(112)	(107)
<b>Total current liabilities</b>		<b>(327)</b>	<b>(107)</b>
<b>Net current assets</b>		<b>182,724</b>	<b>182,942</b>
<b>Net assets</b>		<b>182,724</b>	<b>182,942</b>
<b>Equity</b>			
Share capital	9	200,000	200,000
Retained losses	9	(17,276)	(17,058)
<b>Total equity</b>		<b>182,724</b>	<b>182,942</b>

The notes on pages 7 to 13 form an integral part of the financial statements.

For the year ended 31 March 2022 the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year ended 31 March 2022 in accordance with Section 476 of the Companies Act 2006. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements of Utilyx Risk Management Limited, company number 04999392, were approved by the Board of Directors and authorised for issue on 29 November 2022 and were signed on its behalf by:

DocuSigned by:

*Alex Payne*

BD886709D5F04B8 ..

**A Payne**  
Director

Utiylx Risk Management Limited  
Annual report and financial statements  
31 March 2022

## Statement of changes in equity

	Share capital £	Retained losses £	Total equity £
At 1 April 2020	200,000	(17,084)	182,916
Profit for the year	-	26	26
<b>Total comprehensive income</b>	-	26	26
<b>At 31 March 2021</b>	<b>200,000</b>	<b>(17,058)</b>	<b>182,942</b>
Loss for the year	-	(218)	(218)
<b>Total comprehensive expense</b>	-	(218)	(218)
<b>At 31 March 2022</b>	<b>200,000</b>	<b>(17,276)</b>	<b>182,724</b>

The notes on pages 7 to 13 form an integral part of the financial statements.



## Notes to the financial statements

### 1 Accounting policies, judgements and estimates

#### a) General information

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

#### b) Statement of compliance with FRS 101

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

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

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

#### c) Basis of preparation

##### Going concern

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

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

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

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

## Notes to the financial statements (continued)

### 1 Accounting policies, judgements and estimates (continued)

#### Going Concern (continued)

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

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

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

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

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

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

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

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

## Notes to the financial statements (continued)

### 1 Accounting policies, judgements and estimates (continued)

#### FRS 101 exemptions

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

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

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

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

#### Accounting standards that are newly effective in the current year

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

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### d) Significant accounting policies

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

#### Other revenue

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### Finance costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are recognised in the income statement in the period in which they are incurred.

#### Taxation

Tax in the income statement represents current tax.

Current tax is based on taxable profit or loss for the year. Taxable profit or loss differs from the accounting profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

## Notes to the financial statements (continued)

### 1 Accounting policies, judgements and estimates (continued)

#### Financial instruments

##### *Classification and measurement*

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

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

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash that can only be used for a specific purpose or where access is constrained is classified as restricted cash. All of the Company's cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Company's revenue streams are therefore initially measured at their transaction price and are subsequently remeasured at amortised cost.

Financial liabilities comprise trade and other payables. These are measured at initial recognition at fair value and subsequently at amortised cost.

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

#### e) Critical accounting judgements and key sources of estimation uncertainty

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

##### **Critical judgements in applying the Company's accounting policies**

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

##### **Key sources of estimation uncertainty**

There were no key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

### 2 Staff numbers

The Company had no employees during the year (2021: nil).

### 3 Directors' remuneration

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

Director	Remunerated by	Disclosed by
P J G Dickinson	Mitie Limited	Mitie Limited
A Payne	Mitie Limited	Mitie Limited

## Notes to the financial statements (continued)

### 4 Finance Income

	2022 £	2021 £
Interest receivable from Group undertakings	32	32
	<u>32</u>	<u>32</u>

### 5 Finance costs

	2022 £	2021 £
Other interest payable	5	-
	<u>5</u>	<u>-</u>

### 6 Tax

	2022 £	2021 £
<i>Analysis of charge in the year</i>		
<i>UK corporation tax at 19% (2021: 19%)</i>		
Current tax on (loss)/profit for the year	5	6
Total current tax charge	<u>5</u>	<u>6</u>
<i>Tax reconciliation</i>		
(Loss)/profit before tax	(213)	32
Tax using the UK corporation tax rate of 19% (2021: 19%)	(40)	6
Expenses not deductible for tax purposes	45	-
Total tax charge	<u>5</u>	<u>6</u>

The UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change has been substantively enacted at the balance sheet date.

## Notes to the financial statements (continued)

### 7 Trade and other receivables

	2022 £	2021 £
Amounts owed by Group undertakings	4,367	4,367
	<u>4,367</u>	<u>4,367</u>

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

Amounts owed by Group undertakings are repayable on demand.

### 8 Trade and other payables

	2022 £	2021 £
Other payables	215	-
	<u>215</u>	<u>-</u>

Trade and other payables are interest-free.

### 9 Equity

Share capital	2022 Number	2021 Number	2022 £	2021 £
Ordinary shares of £1 each	200,000	200,000	200,000	200,000
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

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.

#### Retained losses

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

### 10 Related parties

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

### 11 Subsequent events

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

## Notes to the financial statements (continued)

### 12 Ultimate parent company and parent company of larger group

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